

# Stakeholder Dialogue as an Institutional Strategy for Sustainable Development in China

The Case of Community Environmental Roundtables

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## Abstract

Stakeholder dialogue, as an alternative institutional strategy for environmentally and socially sustainable development, has received little attention from researchers and practitioners in developing countries such as China, even though the dialogue strategy can potentially lead public governance to a more efficient level. This paper first discusses the potential of stakeholder dialogue as an institutional tool for promoting sustainable development in China, and then presents a pilot program of stakeholder dialogue recently developed in China—the community environmental roundtables. Community leaders organize roundtable dialogues where representatives from government agencies, companies and the local residents exchange their views toward certain environmental issues they are facing and discuss possible ways to resolve the

issues. Informal agreements are reached during the dialogues and implemented after them. This community roundtable dialogue strategy has been piloted in dozens of Chinese municipalities, addressing various environmental issues. A survey of dialogue participants shows that significant impacts have been generated on environmental protection, community management, as well as social and institutional development at the community level. Mutual understanding and trust among the government, companies, and local citizens are enhanced, environmental and social conflicts are reduced, and the public performance of various parties has been improved. This approach is expected to help solve other conflicts and public governance issues in China as well. The potential challenges of institutionalizing such a program in China are also discussed in the paper.

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**Stakeholder Dialogue as an Institutional Strategy for Sustainable Development in China:  
The Case of Community Environmental Roundtables<sup>1</sup>**

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Key Words: Stakeholder Dialogue, Environmental Protection, Social Conflict, China

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<sup>1</sup> Views expressed in this paper are entirely those of the author. They do not necessarily represent the views of the World Bank, its affiliated organizations, or those of the executive directors of the World Bank or the governments they represent. The author is an senior economist of the World Bank's Development Research Group. Corresponding email address: Hua Wang, [hwang1@worldbank.org](mailto:hwang1@worldbank.org).

## **I. Introduction**

In the area of public governance, including environmental governance, command-and-control approaches, economic or market-based instruments, and public disclosure strategies have been extensively studied and implemented in order to provide incentives for responsible parties to improve their performance, especially in the developed world. Stakeholder dialogue, as an alternative institutional strategy for public governance, has received relatively less attention from researchers and practitioners in developing countries, even though the dialogue strategy can potentially lead to improved outcomes. In the developing world, due to lack of resources, capacity or commitment in pursuing sustainable development, the traditional regulatory approaches are difficult to effectively design or implement. Alternative approaches, such as stakeholder dialogue strategies, have the potential to supplement or complement the traditional approaches.

This paper reports an exploration in China in designing and implementing a stakeholder dialogue strategy – the community environmental roundtables - for promoting both environmentally and socially sustainable development. The rapid economic growth of China in the past three decades has lifted hundreds of millions of people from poverty, but has also generated serious environmental problems with important social implications in the country. The traditional institutional strategies and policy instruments will not be enough for the country to reduce these problems to an acceptable level, at least in the short run. Community stakeholder roundtable dialogue, a bottom-up institutional tool, has been designed and tested in dozens of Chinese municipalities. The experiments have shown that it is feasible to establish such dialogue programs in China, and that the approach is effective in promoting mutual understanding and trust among different stakeholders to improve performance. Positive impacts on institutional transformations are also observed during the process of design and implementation of the stakeholder dialogue strategy.

The next section of this paper will first give a short discussion of stakeholder dialogue as an institutional strategy for environmentally and socially sustainable development. Section III of this paper introduces the Chinese context of public governance, especially environmental governance. The design and implementation of stakeholder dialogue strategies, community environmental roundtables in particular, are presented in section IV, where a number of cases are presented to illustrate the practices and the impacts. A survey of participants on the impacts of roundtable dialogues is reported in section V. Sections VI and VII offer discussions about the dialogue strategy and a conclusion to the paper.

## II. Stakeholder Dialogue

Stakeholder dialogue has been used, extensively by the business community, to share information and concerns and develop better mutual understandings, to find areas of agreement and negotiate on terms of contracts, and to manage a joint decision-making process<sup>2</sup>. Stakeholder dialogue is a process of discussion and/or decision-making among different parties with different interests and values at stake in a particular situation. In practice, this usually takes the form of a meeting or series of meetings, at which companies, government departments and experts are helped to work together towards mutually acceptable conclusions. Stakeholder dialogue can help identify and avert problems before they arise, can help collaboration to alleviate sources of dispute, and can establish effective communication to clarify and resolve disputes. Stakeholder dialogues are usually facilitated by independent facilitators in order to ensure that no one group or person dominates proceedings and that the record of the meeting is an accurate reflection of the discussion. It should be an inclusive process to make sure anyone with a stake in the issue is involved in the dialogue, and every participant is considered equal.

Stakeholder dialogue has also been employed for public management (Stoll-Kleemann and Welp, 2006). It is in line with the general trend toward decentralized resource management and recognition of the failures of overly bureaucratic approaches. In the arena of public management, stakeholder dialogue has so far been mostly applied to environmental and natural resources management in developed countries<sup>3</sup>. Stakeholder dialogue can occur at different levels - global, international, national, local and even of enterprises or of projects,

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<sup>2</sup> For more materials about this approach, visit the Environment Council's website: [www.the-environment-council.org.uk](http://www.the-environment-council.org.uk), and the website of the Global Dialogue on Water, Food and Environment: [www.iwmi.cgiar.org/dialogue](http://www.iwmi.cgiar.org/dialogue), where extensive discussions on the dialogue approach are provided.

<sup>3</sup> One example is that the Environment Council in UK helped the Environment Agency Wales bring together key stakeholders to resolve longstanding conflicts around the Trecatti landfill site. Two large open meetings were held in 2002 to identify concerns and decide the best process to resolve them. Participants included local residents, local community groups, Biffa Waste Services (the site operator), the Environment Agency Wales, the National Assembly for Wales, local authorities, local businesses and the Bro Taff Health Authority. Concerns raised included health and safety, monitoring the site, local communication and socio-economic impacts. Participants agreed to set up a representative working group to discuss concerns in more detail and make recommendations on how they could be addressed. The main stakeholder group has since met again and agreed that the working group should continue their work. For more information, please visit website: [www.the-environment-council.org.uk](http://www.the-environment-council.org.uk).

and can occur in many different formats. Some involve institutional arrangements that formalize participation of stakeholders<sup>4</sup>. Stakeholder dialogue may also be focused on specific decisions and projects, for example through environmental and social impact assessment processes. A recent trend in many countries has been to hold public hearings, at which those with concerns can access information and air their views. The effectiveness of such processes depends on the context in which they are run. At another level, stakeholder dialogue may focus on governance arrangements and broad principles; the World Commission on Dams was the most ambitious stakeholder dialogue relevant to river basins ever to be convened<sup>5</sup>.

At the community level, stakeholder dialogue can aim to prevent, manage or resolve disputes among stakeholders within a community. It can be a regular program which involves organization of periodic community meetings, preparation for meetings and follow-up actions. The meetings may be held in a form of roundtable where all participants are treated as equally important. The literatures has explored a variety of factors which effect whether this kind of bargaining among stakeholders can reduce inefficiencies from externalities, taking into account existing distributions of economic and political power and real-world frictions in bargaining.

### **III. Chinese Context**

Substantial environmental damages have been generated along with the rapid economic growth in China in the past three decades, and the environmental impacts have in turn generated social and economic problems. According to Chinese laws, however, it is the local governments that are responsible for environmental quality in China, while the central government and the provincial governments provide regulations and policy guidance. Environmental enforcement by the local governments, however, often is limited in China for technical, financial, and institutional reasons.

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<sup>4</sup> For example, the Murray Darling Basin Initiative of Australia provides for the Community Advisory Committee to attend all Murray Darling Basin Council meetings and to liaise with the Murray Darling Basin Commission. A new Indigenous Policy Office at the Commission allows for representation of indigenous interests. It needs to be recognized that these stakeholder opportunities are the outcome of years of negotiation and less inclusive decision-making, and the terms of involvement are continuously being evaluated and periodically re-negotiated. For more details, please visit website: [www.mdbc.gov.au](http://www.mdbc.gov.au)

<sup>5</sup> Visit website: [www.mdbc.gov.au](http://www.mdbc.gov.au)

The incentives for local governments to protect the environment in China from higher level governments often is weaker than the incentives for promoting economic growth<sup>6</sup>. Thus, there are strong incentives for local governments to protect the interests of firms that can contribute to local economic growth and the budgets of local governments, even if their activities are environmentally harmful. The fiscal decentralization in China makes the local governments rely heavily on revenues from local companies to operate. There are inadequate channels or mechanisms for local citizens to provide pressure on the local governments for environmental protection.

Legal development in China is also inadequate for environmental protection. In theory, citizens can sue a company which is in violation of environmental regulations. However, with emphasis on economic growth on the part of local governments, it is very difficult for the suits to succeed. Even if a polluting company loses a law suit, it still can escape legal punishment, as a large number of court orders have not been enforced in China.

A growing number of environmental NGOs have emerged recently in China. However, the capacity of those NGOs is weak in general. They lack financial, technical, and, more importantly, legal and political support; environmental NGOs have to work with the local governments cooperatively. Until recently, the public, NGOs or general citizens did not have legal means to access environmental information, and therefore they could not effectively participate in environmental management, even though the rights of participation have been clearly defined in relevant laws and regulations in China.

A regulation on public participation in environmental impact assessment was enacted by the central government in 2006 and a regulation on environmental information disclosure has been in effect since 2008. These two regulations are expected to support Chinese citizens and environmental NGOs to participate in local environmental governance more effectively in the future. As the public's right to access to information, right to participate in environmental management, right to sue, to express and to organize have been more or less well defined by Chinese laws and regulations, it is anticipated that a grass-root environmental movement will gradually take shape. A bottom-up, community-based environmental management mechanism will form a complementary force to the traditional, top-down, central government initiated environmental programs with all the limits on their impacts noted above. Community-based approaches such as the community stakeholder dialogues can hopefully help to solve the ever increasing gap between the status quos and the goals of the society.

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<sup>6</sup> The recent energy saving and pollution reduction program is an exception, where strong administrative measures have been used by the central government.

Broadly defined, a community in China can be a town, a village or a part of an urban district. The leaders of the communities are mostly publicly elected or hired, full-time civil servants. The central government of China is promoting self governance by the community and for the community. Community driven development and self management is highly encouraged by the central government. However, most of the community leaders lack knowledge, skill and means in community self management. They mostly perform their duties in a traditional way, which is to help the government implement certain programs.

The community participation in development in China began in late 1980s, when international organizations and foreign NGOs supported a number of projects in community participation in China, but capacity development in China is slow, as the incentive for government officials to engage in the goals of community participation is limited. The Chinese government is unfamiliar with participatory democracy, lacks capacity at the implementation level, and lacks commitment to building that capacity. Different from other countries, the partnership of community participation in China inevitably involves the government rather than a civil society, and the interface is restricted to government officials rather than community workers (Plummer and Taylor, 2004).

However, recently the central government of China has issued a number of policy documents which call for public and community participation in public management, and the political leaders have emphasized the importance of having the public and the communities involved in public affairs, in environmental protection particularly. On December 3, 2005, the State Council issued a decision on enhancing the work of environmental protection. The decision states that the government shall complete building the mechanism of societal monitoring; enterprises shall disclose their environmental information; and the government shall listen to public opinions when public rights in environment are of concern. On December 19, 2006, the State Environmental Protection Administration, Chinese Communist Party's Propaganda Department and the Ministry of Education jointly issued an instruction on environmental communication and education in the 11<sup>th</sup> five year period, which requires to build a better mechanism and provide broader channels for public participation in environmental protection, protect the public rights to know, to participate, to express and to monitor, and ensure social stability.

On October 15, 2007, Chinese President Hu Jintao delivered a speech at the 17<sup>th</sup> Congress of the Chinese Communist Party calling for "effective connection and virtuous interaction between government administration and local residents' self governance". He asked the party to let social organizations play positive roles in broadening people's



participation and revealing demands of the people, and therefore to enhance the society's capacity of self governance. He suggested to combine the work of environmental communication and education with the improvement of community environmental quality and to improve the environmental awareness of community residents and the level of public participation in environmental protection. He also asked that the role of the community as catalyst for environmental quality improvements of relevant units be accepted to improve the environmental quality of the region.

While there seems neither lack of political will of the central government nor lack of legal bases for public and community to participate in development and environmental protection nowadays in China, the key challenges remain designing proper mechanisms that are feasible, effective and with low cost for the public and community to contribute to the course of development and environmental protection. Public hearings is one approach widely used in China, but the effectiveness of this approach is limited (CECE, 2009). Stakeholder dialogue may have promise for the Chinese context.

## **IV. The Experiment**

### **4.1. The Issue**

Given the current institutions in China, the author believes that introducing the stakeholder dialogue approach into China can be feasible and effective in terms of improving public institutions and solving current social and environmental issues in China. Since 2000, the author has been working to design and implement a stakeholder dialogue strategy in China at the community level, in order to help solve certain environmental and social problems. The questions are: 1) What kind of dialogue models can be feasibly designed and effective in helping solve the environmental and social issues the communities are facing? And 2) How should they be implemented and institutionalized?

Along with the movement waged by the central government in building a harmonious society, various stakeholder dialogue programs at the community level have been designed and implemented in dozens of Chinese municipalities, with the author's guidance<sup>7</sup>. While the community roundtable dialogue approach has been designed and applied mostly to solving

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<sup>7</sup> Financial support was provided by the World Bank and Chinese government. The author introduced the ideas, provided guidelines and trainings, and facilitated the design and implementation.

local environmental issues in China at this stage, it is expected that ultimately it can help solve other social and public governance issues in the whole country.

## 4.2. Design

The design and implementation of community environmental dialogue started with a research project on industrial pollution control of small enterprises in rural China in 2000. While the industrial pollution control policies practiced in China are mostly designed for urban and state owned industrial enterprises, millions of relatively small, non-state owned enterprises which are mostly located in the countryside have successfully escaped the scrutiny of the regulatory system. Pollution generated by those so-called Township-Village Industrial Enterprises (TVIE) caused tremendous economic damages and social conflicts. In order to help China resolve its environmental and social problems caused by TVIE pollution, the World Bank sponsored a policy research project in 2000. One of the project activities is to test the feasibility and the effectiveness of the stakeholder dialogue approach. Since then the community roundtable dialogue approach in the Chinese context has been evolving and improving, even though the principles have not been changed much.

Specifically, in addition to following the general principles of the stakeholder dialogue approach such as equality, openness and fairness, the community environmental roundtable dialogue programs designed in China<sup>8</sup> have the following major aspects:

- a. Community leaders (and sometimes local environmental coordinators) regularly organize environmental roundtables, the participants in which include relevant government agency representatives, relevant polluting company managers, community residents (especially pollution victims) as well as representatives from environmental NGOs, technical institutions and the mass media.
- b. During the meetings, the government representatives report on the current socio-economic and environmental situations of the community and the future actions and/or policies on the issues involved. Both costs and benefits are presented.
- c. The polluting company managers report to the meeting on what the current pollution control status is of their companies, what they did in the past, what are in the future plans, and what are the difficulties.

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<sup>8</sup> For the detailed principles and procedures, please see CECE (2009).

- d. The environmental authorities and technical persons give comments on each company's performance, based on the information available to them.
- e. Community representatives as well as pollution victims take turns to offer their comments, inquiry, demands as well as suggestions.
- f. The government leaders and the company managers give feedback, including explanations, promises and the like.
- g. Community workers, who are chairing the meetings, give summaries of the major points discussed, the agreements reached as well as the future actions that should be taken. The representatives of stakeholders may sign an informal agreement whenever possible.
- h. Community workers follow up on the major issues and prepare for the next dialogue meeting, including collecting reports from the government agencies and the companies and disclosing them to the public before the next dialogue meeting.

### **4.3. Implementation**

The stakeholder dialogue approach was first tested on the pollution issues of Township-Village Industrial Enterprises (TVIE) in nine towns in Jiangsu, Guizhou and Tianjin in 2000. Because it is perceived as feasible and effective, the program has since been gradually expanded to cover environmental issues in other areas. In 2002, two counties in Jiangsu tried to institutionalize the dialogue strategy, and in 2004, a number of other cities in Jiangsu piloted the approach. In 2005, Jiangsu Provincial Department of Environmental Protection (EPD) started working on its environmental dialogue program more systematically, and in 2007 a formal call for province wide implementation of the environmental dialogue strategy was made by Jiangsu EPD.

Chongqing Municipal Government started working on the roundtable dialogue approach in 2004, and since then, various formats of stakeholder dialogue have been tried and hundreds of community roundtable dialogues have been organized. The Center for Environmental Communication and Education of the Ministry of Environmental Protection started working on community environmental roundtable dialogue in 2005 and now the dialogue work has been integrated into the Center's Green Community Program.

As of today, more than 30 municipalities in 15 provinces have started practicing the community environmental roundtable dialogue. The topic of dialogue has also gone beyond industrial pollution control. The dialogue strategy has been applied to neighborhood issues like garbage collection, restaurant pollution control, pollution control of construction sites,

river basin management, etc. The dialogue strategy has also been used to help solve some social conflicts at the community level such as urban construction resettlements. Mass media at all levels in China have widely reported the dialogue programs. A few cases are presented below in order to further illustrate the approach<sup>9</sup>.

#### 4.4. Cases

##### *Case 1: Urban Solid Wastes (Wanshen City, Chongqing Municipality)*<sup>10</sup>

Wanshen City, a district of Chongqing Municipality, which is located at the southeast of Chongqing City, is an urban area developed from mining industries, with a land area of 566 square kilometers and a population of about 0.3 million. Most of the residents have some relations with the mining industries. Due to the privatization of the mining industries and the reform of social responsibilities of corporations, social and environmental issues in Wanshen had been enormous. Complaints and conflicts between the residents, the government agencies and the industries were getting more and more serious before 2005.

In 2004, the author introduced the stakeholder dialogue experiments that the author was doing in China to one of the high-level officials of Chongqing municipal government, and consequently a joint effort in designing and implementing stakeholder roundtable dialogue in Chongqing was launched by the World Bank and Chongqing Municipal Government in 2005, where Wanshen was selected as one of the districts piloting the dialogue approach.

Among those first roundtable dialogues conducted in Wanshen was the dialogue on garbage collection in Heping Village of Donglin District on March 15, 2006. The key environmental issue was that the garbage was scattered everywhere in the streets due to insufficient number of garbage cans. The issue was simple, but to find a solution had been a complicated process. The first difficulty was that there were no clearly defined agencies that could be held responsible for the issue. Many government units and corporate entities should take some responsibility, but all of them had some excuses to take no actions. After about 2 hours of discussion, two units – one in the government sector and one school located within the village, volunteered to take actions. While it was too expensive to distribute rubber garbage cans in the streets as used in richer areas, it was decided in the roundtable meeting to use bricks and cement to build garbage collection cans which are much cheaper.

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<sup>9</sup> See CECE (2009) for more cases and implementation guidelines.

<sup>10</sup> Source: Chongqing project report and internet reports.

Consequently a long standing, complicated public management issue had been resolved. Those harsh complaints with each other at the beginning of the roundtable dialogue were replaced by the happy and grateful greetings at the end of the dialogue meeting.

Since the first stakeholder roundtable dialogue held in early 2006, 220 dialogue meetings have been organized by local community workers in Donglin District and reportedly 350 public management issues were solved by the dialogue. It was unthinkable to solve them by using the traditional public management means. Mutual understandings between the different stakeholders and the stakeholders' understandings in various public issues have been significantly improved. Now the citizens there have formed a habit to request dialogues whenever they face a public issue, rather than to file complaints or wage conflicts as they traditionally did. One example is the resettlement caused by the new urban construction projects in Donglin. At the beginning, 78 households had serious complaints against the government and were not willing to accept the resettlement packages. After a series of roundtable dialogues the total number of household complaints gradually reduced to 0 and the issue was finally successfully solved.

### ***Case 2. Industrial Pollution Control (Jiangyan City, Jiangsu Province)<sup>11</sup>***

Jiangyan, a city in Taizhou Municipality of Jiangsu Province, is located on the northern side of Yangtze River between Shanghai and Nanjing, with a land area of about 1000 square kilometers and a population of 0.91 million. A modestly well developed area in Jiangsu, one of the richest provinces in China, Jiangyan enjoyed a fast economic growth in the past two decades. However, its people also suffered from serious industrial pollution, which caused tremendous complaints from the citizens and sometime serious social conflicts. The major pollution sources were small metal processing companies, which provided a significant portion of jobs to the local residents and tax revenues to the local government. Jiangyan city environmental authorities tried their best to enforce relevant environmental regulations and won a national award for its outstanding performance in environmental inspection in 2007. However, the environmental quality was still far from satisfactory to its citizens and the environmental authority was too weak to bring those polluters into compliance, due to various political, economic as well as technical reasons.

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<sup>11</sup> Source: Documents Submitted by Jiangyan Municipal Environmental Protection Bureau.

In 2006, Jiangyan was selected to be one of the pilot areas for the environmental stakeholder roundtable dialogue program which was jointly sponsored by the World Bank and Jiangsu Environmental Protection Department, and a number of environmental officers and community leaders of Jiangyan City participated in training on the stakeholder dialogue approach, which was provided by the author of this paper and the project team members.

After the training, the environmental protection bureau started organizing the first roundtable dialogue meeting on January 10, 2007, on pollution issues generated by the nonferrous metal industries, which received the most citizen complaints. Even though familiar with negotiation with local government authorities, the polluting firm managers could not reject the requests for further pollution reduction from the local citizens who were mostly the neighbors of the firm managers, especially when they were also facing the mass media during the dialogue meetings. While trying to explain the difficulties in reducing pollution, almost all of the firm managers promised to invest more in pollution abatement, and they did do so after the dialogue meeting.

Due to the perceived effectiveness of the dialogue approach, dozens of dialogue meetings have been organized in Jiangyan since the first roundtable dialogue. Various environmental issues beside industrial pollution have been covered, including pollution from the service sector, air pollution from rice and wheat straw burning in the fields, solid wastes in residential districts and water pollution from livestock farms. According to the city government officials, the total investment in pollution reduction in the years of 2008 and 2009 has been significantly increased and the citizen complaints about environmental issues have been reduced dramatically.

An important feature of the environmental dialogue approach designed and implemented in Jiangyan is the establishment of an environmental NGO in the city. Since the beginning, the dialogue organizers, mostly government environmental officers, realized that such dialogues should be organized by an NGO that is independent of the government. Encouraged by the government, an environmental NGO, called Jiangyan Environ-Eco Family, was established and registered on June 4, 2008. A former deputy mayor of Jiangyan City, who had been in charge of environmental protection in Jiangyan for many years, Mr. Zichen Shen, was elected to be President of the Eco Family. By the end of 2008, the Eco Family established 16 chapters to cover all of the 15 towns in Jiangyan and had about 300 members, who are mostly respected senior citizens, active public workers and young volunteers. Dozens of roundtable dialogues have been organized by the Eco Family on various social and

environmental issues that deem important to the local people. A relatively satisfactory balance between economic development and socio-environmental protection has been reached.

### ***Case 3. Restaurant Pollution Control (Jiangsu and Hebei)***

Huarun Village, a residential community established in 2001, is located in the Jingkou District of Zhenjiang City, a well developed municipality of Jiangsu Province. Huarun Village occupies 0.35 square kilometers of land and includes 63 residential buildings, where about 6000 residents, or 2500 households, inhabit. Like in many Chinese cities, some of the first floors of the buildings that are facing the streets have been developed for business activities. One of the business activities is restaurant operation; Junhong Noodle House is one of them. With the expansion of Junhong's business in the past years, the fishy smell, the smoke as well as the noise from the stove blower affect the normal lives of those who live upstairs in the same building as well as those who live nearby. Those neighbors sent complaints many times to the noodle house as well as to the government authority – the district environmental protection bureau (EPB). The EPB investigated the case and asked the Junhong Noodle House to improve. However, the operation of Junhong was for the most part legally permitted, and therefore the EPB could not do much to punish the restaurant. The conflicts between the local residents and the restaurant became more and more serious, and the trust of local residents in the district EPB was diminishing.

In order to solve the pollution issue caused by Junhong Noodle House and the conflicts between the restaurant and the local residents, the community leader of the Huarun Village organized a community roundtable on September 6, 2007, where seven representatives of local residents, two representatives of Junhong Noodle House, and two government officials had a face-to-face dialogue. During the meeting, the community leader first summarized the issues that needed to be solved. One representative of the noodle house expressed his regrets about what had happened and his willingness to solve the problem, but also emphasized his difficulties in improving the situation. The representatives of the local residents expressed their demands for improvements, and at the same time offered suggestions with regard to how to improve the situation. The suggestions include: 1. remove the operation that is illegal; 2. replace coal with gas so that the noise and the smoke can be significantly reduced; 3. build a new sewage pipe that is solely for waste water discharge of the restaurant, so that the odor of the waste water of the restaurant will not get into the sewage pipe that is for household use; 4. relocate the raw fish processing to outside of the community; 5. do not

occupy the outside street for business purpose; 6. relocate the air conditioner so that the impact of the noise can be reduced. Some representatives of the residents and the government people also offered personal help in order to implement the suggestions. After several rounds of negotiations, the three parties - the restaurant, the government and the residents - reached an informal agreement which incorporated all the major suggestions made by the residents, and the representatives of the three parties signed on the agreement.

On December 19, 2007, the community leader organized a roundtable dialogue again with the same participants as before, to review the implementation of the agreement signed in the first meeting. Five of the six items on the agreement had been realized, except the one on replacing coal with gas, because of its significant financial implication – Junhong Noodle House had difficulty in negotiating a deal with the gas company. However, with help from the roundtable participants, the noodle house later got a deal with the gas company at a significantly reduced price. By December 31, 2007, all the major issues raised by the residents with regard to the pollution caused by Junhong Noodle House had been resolved. All parties involved felt happy about the final outcome.

Restaurant pollution has been a serious issue in almost all cities in China, and several roundtable dialogues have been organized in other cities. Another typical one can be found in Qinhuangdao, Hebei Province, where pollution and poverty were intertwined.

The residents in Hejianli Community of Qinhuangdao City suffered from serious pollution issues caused by two restaurants located in building #15 and #18 before 2008. In late 2006, a poor man, Mr. Ma, an unemployed worker with no technical skill nor capital, rented a room on the first floor of building #15 and started a small restaurant in order to survive. In early 2008, another poor, unemployed man, Mr. Sun, started another small restaurant at the first floor of building #18. Both restaurants produced tasty local food, but at the same time generated intolerable pollution: 1) noise, from the stove blower starting from early mornings such as 4 o'clock when most of the residents living upstairs were still sleeping; 2) smoke, and 3) human waste (there is no public latrine nearby). Complaints and even violent activities from residents upstairs took place against the operations of the two restaurants.

The community workers conducted a survey in early May, 2008 about the most serious issues concerned by the residents in the community, and found that the pollution generated by the two restaurants were among the top. On May 26, 2008, the community workers organized a stakeholder roundtable dialogue meeting, where government representatives, representatives of the local residents, the restaurant owners, and the lenders of the two restaurants sit together, discussing about the issues and looking for ways of



improvement. After harsh debates and tough negotiations, agreements were reached finally: 1) the two restaurants shall be shut down or moved to somewhere else; 2) the lenders return the deposits of the restaurant owners. After the roundtable on May 26, the community workers and some residents in the community started looking for ways to help the two families. With help from the community workers, Mr. Ma started a spa, managed by his son, and Mr. Sun opened an iron shop, and they can earn enough income to survive. On June 24, 2008, the community workers organized the second dialogue meeting where some minor remaining issues were solved.

## **V. Survey of Dialogue Participants**

### **5.1. The Survey**

In order to evaluate the impacts and to improve the design and implementation of the dialogue programs, a survey was conducted in December 2007 of 192 individuals who had participated in the roundtable dialogues. The survey questionnaire included six sections: background information of individual's participation in the dialogues, dialogue design and operation, information exchange, impact evaluation, program expansion, and personal information. The survey was developed in consultation with a number of dialogue participants and was conducted with assistance of an independent research institute in China and community workers of four municipalities (Chongqing, Tianjin, Chifeng and Shenyang) where the roundtable dialogues have been tested. About 200 questionnaires were distributed to all individuals who participated in the dialogues before through the community workers, and the completed questionnaires were returned to the research institute anonymously in postage paid envelopes. Simple multiple choice questions are used, in order to avoid potential difficulties for the respondents to complete the questionnaires.

### **5.2. Background of the Survey Participants**

Before the survey, about 82% of the respondents participated in the dialogue only once, 12% participated twice, and the remaining 6% participated in more than twice. 10% of the respondents were dialogue organizers, 15% were government representatives, 10% from the enterprises, 52% from the residents, and the remaining 13% from NGOs and media. 56% of the dialogues were related to enterprises' pollution issues, 44% to garbage collection and

treatment, and 31% to community greening. 79% of the respondents thought the dialogue topics were on extremely urgent issues they were facing.

35% of the respondents were from Chongqing, 23% from Tianjin, 26% from Chifeng, and 15 from Shenyang. 51% of the respondents were male and 49% were female. About 60% of the participants were 40 years old and older; 11.5% were younger than 30. More than 60% of the respondents received education higher than high school. The monthly income of the respondents was mostly between 500-3000 yuan.

### **5.3. Dialogue Design and Implementation**

Most participants thought the roundtable dialogues were well prepared in the aspects of pre-announcement, provision of background materials, location choice, representative selection, selection of moderators, and definition of rights and responsibilities. Less than 10% rated the preparation work as poor. Most participants regarded the community public announcement board as the best channel to pre-announce the dialogue meetings. There is no convergence with regard to the best way to select resident representatives. The favorite way is self-nomination plus striking a balance between districts or sectors.

All meetings were completed within 3 hours, with 24% less than one hour. More than 60% of the respondents thought the time allocation between different activities during the dialogue was reasonable. Most people (more than 80%) thought that representatives of each stakeholder should be less than ten. 42% thought the best choice of dialogue moderators were community leaders; 26% thought it should be independent NGO people.

About 80% thought the dialogue meetings had given the representatives enough time to discuss about the issues in concern. 19% of the respondents did not say anything in the meetings that they participated.

### **5.4. Impacts**

The survey statistics show that more than 80% of government officers who participated in the meetings felt that after the dialogue process they had better understandings in the issues involved, including enterprises' measures on the issues, residents' attitudes and impacts of pollution. About 80% of those government officers felt that the trust between the government and the residents/enterprises had increased. More than 85% of them felt that the

dialogue meetings helped promote cooperation between the government and the citizens/enterprises.

More than 95% of business representatives who participated in the meetings felt that they had better understanding of the issues involved, relevant government policies, residents' attitudes and impacts of pollution. About 90% believed that the trust of the business community in the government and the residents increased and that their companies could have better cooperation with the government, the residents and the mass media. 53% of the enterprises fully fulfilled their promises made in the meetings and 47% partially fulfilled.

More than 80% of the residents who participated in the meeting had better understanding of the issues involved and in the relevant government policies. About 75% of the residents felt better understanding in the impact of pollution as well as the measures taken by the enterprises. 62% of the residents felt that the residents increased their trust in the government; 49% in the enterprises. About 85% of residents felt that the dialogues improved their consciousness in participating in social management and they would pay more attention to the work of the government. About 60% thought that the dialogue would improve their cooperation with the government and the business community.

In summary, the participants felt that after the dialogue processes, the overall understanding in the issues was improved, the mutual understanding and trust between the different stakeholders were enhanced, and some of the problems they were facing were solved fully and some partially.

## **5.5. Future Expansion**

Fifty-five percent of the respondents said they would definitely suggest to use the dialogue approach when their communities have similar socio-environmental issues, and 39% said probably. 35% of the respondents believed the dialogue approach would be adopted nationwide in the future, 46% for most areas in China and 16% for a small part of China. The biggest obstacle in institutionalizing the dialogue strategy in China is the government attitude. The order of the advantages of the dialogue strategy from the biggest to the least is promoting mutual trust, promoting mutual understanding, solving the problems, simple operation of the dialogue approach, and low cost of organizing dialogues.

## **VI. Discussion**

### **6.1. Necessity and Importance**

China's serious environmental issues and their social consequences cannot be solved with the traditional legal, administrative or economic approaches alone. It would take a long time to improve the regulatory system in China to accomplish this. Even after the legal documents are in place, the effectiveness of law enforcements is still uncertain, given the unique culture in China towards law enforcement. The administrative approach can be designed and implemented quickly, but where the citizens lack trust in the government, and companies are more skilled than citizens on how to negotiate with the government, balanced results will not be achieved. Economic instruments can be improved but are far from being able to be applied because of the complexity of the issues involved.

Stakeholder dialogue can be an important alternative and complement to the traditional approaches. As the traditional legal, administrative and economic approaches are usually reflected in the dialogues as well, the dialogue approach can help better implement or enforce the traditional approaches and help the development of the traditional approaches.

Even though there are some common characteristics, the environmental and social issues are location and sector specific. A problem-solving mechanism should be so developed that it can flexibly fit into the local and sector specific situations, in order for the mechanism to be effective and efficient. Stakeholder dialogue is such a mechanism. The dialogue approach has proven successful at the community level, where the issues under dialogue are closely related to the direct benefits of the stakeholders.<sup>12</sup>

### **6.2. Feasibility**

While there is room for improvement, the dialogue strategy as currently practiced at the community level in China has proven to be feasible in design and implementation and to be potentially cost-effective in resolving social and environmental problems.

The feasibility issue is one of the first concerns that researchers have faced in China. Politically, the community workers can request the government leaders, the company managers and citizen representatives to participate in such kind of meetings, but in reality, the community workers may not be able to get them, especially the government leaders, to participate. In past decades, the government officials in China have developed a culture of

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<sup>12</sup> There has been no serious effort launched in applying the stakeholder dialogue approach to higher levels of constituency in China yet. Some other benefits may be observed if the dialogue approach is applied to higher levels of constituency in China. More research on this issue is warranted.

giving instructions to citizens; some of the officials may not feel comfortable to sit down with ordinary citizens and discuss with them, equally, on issues that the society is facing. For almost all public meetings in China, government officials are honorably presiding on a stage facing the audience. With a roundtable setting, all participants are treated as equal, at least in style. The experiments show that this tradition can be changed, even though it is still a challenge for the community workers to get government officials into the dialogues before the strategy is institutionalized in China. In order for the community stakeholder dialogue work to be sustainable, it is necessary to integrate the approach into the community management procedures and have the CCP leaders supervise the dialogue work, and monitoring from upper level governments and mass media can provide insurance.

Technically, community workers in China have not been trained to organize these kinds of dialogues. Skills are needed in preparing for dialogues, facilitating dialogues, and conducting summaries and follow-ups. Even though it has not been found to be a serious issue, participant selection is not a trivial task, which could affect the fairness of a dialogue, and therefore the trust of the public and the final successfulness of the work. There are also concerns about the truthfulness in pollution reports made by the company managers and the fairness in demands made by some pollution victims. If not handled well, a dialogue can go in a direction which may generate more conflict than solve them. However, the pilots so far demonstrate that with adequate training, community workers can properly deal with those issues involved and facilitate dialogues constructively.

The financial issue was also of concern at the beginning. If organizing a dialogue is too costly, a dialogue program would not be able to sustain itself into the future. The major costs involved may include labor costs of the community workers, conference facilities, and meals of participants, which are expected to be provided by a conference organizer according to tradition. However, it is found that in almost all communities, community workers can find conference facilities owned by organizations within the jurisdiction of a community that can be provided for free for community meetings. No complaints were received from any participants of dialogues when food was not provided during the meetings. The only major cost associated with the dialogue strategy would be the labor cost of community workers who are organizing dialogue activities, which is paid by the government budget system.

### **6.3. Impact**

While feasibility is not such a big concern anymore for the dialogue strategy to be institutionalized, the impacts of the strategy have not been well studied due to limited research

resources. However, the following conclusions can be drawn from preliminary observations from the case studies and the survey of dialogue participants:

- a. The roundtable dialogue can help improve mutual understanding among different stakeholders. As discussed before, communication between the citizens and the government and between the citizens and the polluters is not adequate in China, especially in the rural areas. People do not really have good understanding with each other, even though most of them thought they did.
- b. The roundtable dialogue provides a platform for all stakeholders to speak for themselves. Almost all resident representatives and some of the company managers appreciated the opportunity to speak for themselves. There is little chance for ordinary citizens to speak publicly on issues which affect their quality of daily lives, their health or their economic activities. For those companies which have good environmental performance, it is also a chance for them to show their neighbors what they have done to control their pollution. Even for some companies which cannot control pollution to a desired level, it is still an opportunity for them to explain the reasons why they did not get there and to get better understood. Environmental authorities in China do not have much chance to communicate their work to ordinary people, especially to those people who do not read newspapers or have no TV access.
- c. The roundtable dialogue provides a channel for different stakeholders to negotiate terms of action for the future. During the dialogues, many community representatives and company managers requested that government officials as well as company managers take action on some specific issues. To some of the requests, promises are given. But to some others, reasons are given for not being able to take actions. Of course, there are some requests which received no responses. There is evidence that most promises are kept at least partially and actions are taken. There is also evidence that different stakeholders work together to solve some issues collaboratively after the dialogues.
- d. The roundtable dialogue generates pressure on the bad performers and gives appreciation to good performers. Polluters need to participate from time to time in the roundtable dialogues and report to their neighbors what they have done in the past to improve the pollution situation. Those bad performers felt ashamed and got under scrutiny even outside the dialogue meetings. One of the common practices of those bad polluters in

China's rural areas is to shut down the pollution treatment facilities while the environmental inspectors are not present. The chance of getting caught by the environmental authorities is very low, because the monitoring and inspection capacity of the local environmental authorities is limited. However, after the dialogue meetings, the local residents, who live nearby, can easily notice such illegal behaviors and report to the environmental authorities.

- e. The roundtable dialogue raises the environmental awareness of the ordinary citizens and encourages public participation in environmental management. It is also an educational process about the relevant laws, government policies, and administrative procedures, etc.
- f. It is thought that during the dialogues, social and cultural forces are at work, much more than the forces of legal threat, administrative penalty and economic incentives.
- g. The stakeholder roundtable dialogue approach is believed not to be a simple participatory approach, but rather a mechanism or tool for community management and service, which functions as picking up signals of the issues involved, balancing interests of various parties, and facilitating execution of the decisions or agreements made.

#### **6.4. Challenges**

There are potential obstacles, however, that can prevent such a strategy from being institutionalized. Among the challenges in institutionalizing the dialogue strategy, the local government's commitment to participate is still a dominant concern, as the local government is relatively unfamiliar or not used to the participatory approach. The capacity at the implementation level is also a concern even though it can be readily improved as long as there is a serious commitment to building that capacity.

While the overall situation with the community environmental dialogue programs in China is moving in the right direction, a number of conceptual questions remain to be answered, especially before the dialogue approach becomes institutionalized. The first question is how and in what capacity community leaders can facilitate such a dialogue. As stakeholders may not be obligated to participate in such a dialogue and some even do not want to be engaged in a dialogue, community workers will need to work out a strategy to make all relevant parties sit together around a table. The second question is what the incentives are for the responsible parties to give their promises to improve their performance

at the dialogue and keep their promises after the dialogue. Moral and social forces are at work; legal threat, economic benefit as well as political pressure may also need to be generated in preparing and organizing the dialogues. The third question is how the practice of community environmental roundtables can facilitate the democratic governance in China at the local level and at the mean time promote rule-by-law instead of rule-by-man in the society.

The community stakeholder roundtable dialogue should also be a feasible and effective tool for solving other public governance issues in China, such as public security, health service, education, and transportation, etc. Stakeholder dialogue should also be useful for solving social and environmental issues beyond the level of community in China. More research in these areas is warranted.

## **VII. Concluding Remarks**

Stakeholder dialogue can help prevent, manage, and resolve conflicts, if it is well designed and executed. It is essentially a dynamic mechanism for building good governance when applied to public management. Stakeholder dialogue can help lead public governance to a more efficient level, both economically and socially. The dialogue approach may not replace the existing regulatory instruments in practice, but it can be an important supplement or complement to the current institutions.

The rapid economic growth in China in the past three decades has significantly improved the living standards of the Chinese people and contributed to economic development worldwide. However, it has also generated serious environmental issues with important social consequences. Traditional legal, economic and administrative instruments have limitations in solving those socio-environmental issues in China; stakeholder dialogue may be a solution.

The pilot program experiments in dozens of Chinese municipalities have shown that the community roundtable dialogue strategy is feasible to adopt in China, if the party and government leaders in a region or the upper level government agencies decide to do so. There are no serious technical difficulties because the operation of a dialogue can be very simple at the community level. The major financial issue is the cost of labor of the community workers who organize roundtable dialogues, but this issue is considered to be minor as the cost of labor in China is not so expensive.



The immediate and short-term benefits of the community roundtable dialogue programs in China include: 1) better communication and understanding between different stakeholders - the government agencies, the business entities and the local citizens; 2) reducing social conflicts that are caused by whatever reasons; and 3) improving performance of all stakeholders in the area of public good provision and sharing. The long-term benefits may include: 1) raising community's awareness and knowledge about the economic, social and environmental issues that a community needs to solve; 2) building a sense of community, trust and collaboration among different stakeholders; 3) educating people about the legal provisions, government policies, rights of different stakeholders, and moral standards in various areas; 4) practicing people's rights to know, to participate, to monitor or to get compensated, as defined by Chinese laws, at the community level; 5) training people to live in a society with participatory democracy; and 6) building a harmonious society bottom-up with good governance.

The major challenges to institutionalizing such community stakeholder roundtable dialogue programs in China are the government leaders' willingness to adopt this strategy at different levels and the capacity of local community workers to facilitate the dialogues. Substantial training for both government officials and community workers on the dialogue approach is necessary.

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