

An Analysis on Policy Evaluation: a Case-Study on Purchasing Public Services from Social Organizations in China

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Abstract: This paper aims to conduct policy evaluation on purchasing public services under the fast changes and reconstruction of the government in China since its first practice in 2012. By applying a public policy named on “Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2012” as the case study, three important components are found very important during the evaluation, namely social effects from the government, social organizations and the public. The finding reveals that the policy evaluation on purchasing public services should be a positive guidance on policy cycle as a new policy, while the government would not select new social organizations, but prefers to choose those they have already known or have a good relationship with them during purchasing process.

1. Introduction

As a delivery in public services, purchasing public services or contracting out has already become one powerful instrument for public sectors together with the influence from new public management. Besides of the purchasing public policy in developed countries, Brook et al (2001) have put forwards that, it would be more significant to transfer public services from governments to social organizations in developing countries. However, according to Jia and Su (2009), because of the planned economy in China for a long period, the government owns almost all of the resources including enterprises and institutions, and provides with all of the public services. With the fast growth in economy and the increasing diversified demands from the public, Chinese government is also under the great pressure to provide with public services, which could not meet current challenges in public services because of limited resources and professional skills. Hence, the government is required to transfer from a direct provider or controller to a coordinator in public services.

Based on the mentioned above, some local governments in China has started to practice purchasing public services as demonstration pilots in the past years. For example, Shanghai city was the first province to issue the policy on purchasing public services from social organizations since 1995, followed with Shenzhen province, Jiangsu province and so on. But it is still at the beginning periods, according to Jia and Su (2009). In recent years, the transmission of Chinese government functions has been taken into the agenda as the most important focus. Subsequently, the government has passed Government Procurement Law of The People's Republic of China in 2002, paving the road to the policy of purchasing public services. And then, in the end of 2011, Chinese central government has issued a public policy named on “Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2012”, which is the first practice on purchasing public services from social organizations in China. In the end of 2012, the central government has decided to continue this policy and issued the renewal one, namely “Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2013”. It would have a significant meaning to evaluate its outcomes as the theoretical basis of policy analysis in future and one of the most important measure to improve efficiency and effectiveness of public services in China.

2Methodologies and Research Questions

This paper is hypothesized to discuss the following three things. The first is necessary to explore the conceptual framework of purchasing public services and its special meaning in China, as well as the academic definition of policy evaluation. The second is to analysis the case study on a public policy, in general from three involved parties, namely the government, social organizations and the public. And the third is the problems and challenges for the evaluation of purchasing public services in China at the end.

This section would introduce about the methodologies and research questions involving in this work. The study would apply with two typical methods in social science study, respectively on literature review and one-case study.

●Literature review: The paper is aiming to classify relevant academic researches and government documents on policy evaluation involved in a new central government policy on purchasing public services in China.

●One-Case study: It would focus on a new government policy themed on “Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2013” as the case study from the views of public evaluation.

The positive operation on public policy cannot live without the evaluation, especially for the new public policy related on purchasing public services from social organizations in China. After the first practice in the year of 2012, policy evaluation should be applied as an administrative instrument to determine its efficiency and effectiveness, so as to optimize the policy resources allocation. During the policy cycle, it is one of the important bases to adjust policies and put forward with new policies by policy talkers. Therefore, this paper would hope to explore one research question, themed on:

●How to evaluate the outcomes of policy title on “Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2012”?

3Theoretical framework on Purchasing Public Services and Policy Analysis

1.1 Theoretical Framework on Purchasing Public Services

Purchasing Public Services, also called Contracting Out or Out Resourcing, is the most common policy instrument in public sector reform across the world, even though there are still debates on whether social services should be contracted out or not. Bryntse et al (2002) has put forward, purchasing public services could be regarded as an efficient economic production or important cost savings in accordance with the public policy in many countries. Based on the theoretical analysis from Domberger and Jensen (1997), it could be also taken from the perspective of a public policy involved in the role and accountability of the government. Together, according to Jia and Su (2009), it refers to a mechanism in which the government would purchase public services with public finances from profit companies or non-profit organizations under the out-based contractual relationship or agreement. In other words, those profit companies or non-profit organizations would become the direct provider of public services under the funding supports from the government independently, while the government would perform as a supervisor or cooperator instead of providing public services directly. Currently, the government procedure on purchasing public services covers diversified areas, like the education, health, environment, renewal energy, gender issues, agriculture, social welfare and so on.

Despite of various definitions and explanations on purchasing public services in different fields and countries, it has its own special meaning in China, taking as a part of government procurement into consideration. According to Government Procurement Law of the People's Republic of China (2002), it has been defined that,

“Government procurement mentioned therein refers to behaviors of state organs at various levels, undertakings and social organizations that procure with fiscal funds commodities, engineering works and related services within the catalogue made for centralized procurement according to law or procure them in excess of their quotas.”

(Adopted from Government Procurement Law of the People's Republic of China, 2002)

From the above law, it can be seen that government as the provider, social organizations as undertaking body, and public services as the commodities should be three essential components during this process. As a new reform in public service delivery, purchasing public services in China refers as the four principles of “Government procurement, Directional commodities, Contracting-out management, Assessment mechanisms” (Jiang, 2012). What’s more, there are four criteria involved in the principles, namely that the government should be the purchaser; the purchasing commodity should be public services; social organization should be the undertaking body; the funding should be from fiscal funds.

1.2 Theoretical Framework on Policy Evaluation

Public policies could be successful or failed in many ways, which is a dynamic process with various uncertain factors. During policy cycle, policy evaluation is an important stage to check the policy effects on whether the policy achieves the intended objectives or not, not only about the success or failure, but also involved in effectiveness and efficiencies. In the meantime, it should also answer the question on how to improve the planning and implementation process, and provide the essential feedbacks on the operation and implementation of the policies. Howlett et al. (2009) have explained, policy evaluation has been applied as an analytical instrument in assessing policy success or failure of government’s endeavor when dealing with policy problems from the view of a neutral position. Some academic scholars would like to take policy evaluation as an important tool during the whole policy process, including the planning, implementation and related impacts. However, as far as Anderson (2000) concerned, policy evaluation is the final stage during the policy process, which encompasses “*the estimation, assessment, or appraisal of a policy, including its content, implementation, goal attainment, and other effects*”.

Usually, there are mainly two recognized types of policy evaluation, formative evaluation and summative evaluation. The former means to examine what is current procedure and operation of the policy, aiming for implementation and improvement. And the latter refers to answer the question on whether the policy achieves its intended objectives, including the effects on involved aspects. It is better to apply with a comprehensive approach on policy evaluation from both of two types. Furthermore, Anderson (2000) has divided policy evaluation into three different forms. The first is regarded as a functional activity, in order to make judgments on the effects of a policy regardless of the causes and consequences. The second is called process evaluation, focusing on the operation, process or administration of a policy, which is a helpful monitoring instrument with the consistency of a policy for managers. Both of the first and second forms have little or nothing information on the social effects. And the last one is named as systematic evaluation, a comparatively new form in recent years, to check the social effects and extent during a policy under social science methodology, especially on the requirements from the public.

Within this simplified framework, the third form from Anderson (2000) would be applied as policy evaluation during the case study on purchasing public services in China, which is mentioned as social problems like welfare, health, education and so on. Chinese government has already reclaimed the proceeding of this policy, which in turn certifies the policy evaluation should be vital to decide on whether to continue, strength, or terminate this policy or not. According to three parties involved, it is intended to determine what this policy should be going on after a short term, whether it achieve the objectives or not, whether there are other effects or not and where there are any changes needed.

4Policy Analysis on Purchasing Public Services from Social Organizations in China

This section would present a public policy named on “Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2012” as the case study, which has been issued by Chinese government since the end of 2011. And then it comes to the policy evaluation, respectively from the following three involved parties: policy effects on the government, social organizations and the public.

1.3 Current Processing on Purchasing Public Services from Social Organizations in China

Ge (2013) has mentioned that, the public services in China are usually costly but with low qualities and productivity because of the monopoly by the government without any competitions. The demands on public services from the public are increasing and diversified, but the resources in the government are still limited, which leads to many other internal conflicts. At the same time, social organizations have already become one of the important forces in the construction of civil society together with the fast growth in economy and political transformation. Deng (2010) has put forward, there are three cornerstones in modern civilization, including an efficient and transparent government, an innovative market and an energetic civil society. In these circumstances, purchasing public services has been induced into China from international experiences.

“Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2012” is a new policy, issued by Ministry of Civil Affairs of the People’s Republic of China in the end of 2012. It is the first attempt for the central government to purchase public services from social organizations in China, so as to meet the increasing demands on social services from the public and solve the current problems of limited resources and low quality services in the government. Based on the Chinese Central Public Finance Supporting Social Organizations on the Participation in Public Services in 2012, the total budget should be 200,000,000 RMB¹ to social organizations. And the public services include community services, old age services, medical assistance services and services on people afflicted by a natural disaster, totally with 377 programs.

1.4 Policy Evaluation on Purchasing Public Services

Since its launch in 2012, NGO Research Center of Tsinghua University has been invited as the third party to evaluate this program. According to their evaluation report (2013), 377 programs from social organizations are selected by the government to provide with public services under the fiscal funds of 200,000,000 RMB. The overall evaluation also includes: the total implementation rate of this program is up to 99.51%; the balance of program fund is 955,800 RMB; there are 2,037,000 beneficiaries in total; and the invests from local funds and other resources are pooled with 240,000,000 RMB.

As mentioned above, the following evaluation would be based on social effects from the three involved parties, respectively from the government, social organizations and the public.

1.4.1 The Government

According from the evaluation report (2013), there are 2108 reports themed on purchasing public service from the central government, which has received the great attention by the public, as well as funding resources and political supports from local governments. It has shown that 25% programs have promoted local governments with a series of supporting policies, and 45% programs have been supported by local governments’ officials.

Table 1 Analysis on Planned Expenditure of Purchasing Public Service by Central Government in 2012.

Expenditure Type	Spending (RMB, in 2013)	Percentage of Total Expenditure
Demonstration Program on Social Development	50,000,000 RMB	25%
Pilot Program on Social Services	60,000,000 RMB	30%
Demonstration Program on Social Work	75,000,000 RMB	37.5%
Training Program	15,000,000 RMB	7.5%

Sources: *Adopted from Ministry of Civil Affairs of the People’s Republic of China, 2011, which is translated into English by the Author.*

Although this program has only put into practice for a short period of time, there is no doubt that a large amount of governmental staffs and resources has been freed out from those public services involved in. The government has already changed from direct public service provider to indirect controller or coordinator. In other words, the government is promoted to be more efficient and

¹ Note: According to the exchange rate on 1st of July, 2014: 1 USD=6.2108 RMB.

effective in many aspects, like the transparent fiscal finances, governmental administration and so on.

1.4.2 Social Organizations

Social organization is the bridge to transfer public services from the government to the public as one of the most important component during this process. The quality of public services and satisfactory of the public depend on the professional skills and abilities of social organizations.

Based on the evaluation report (2013), 17,700 people from social organizations and registration authorities has received the trainings from this program accord the country. Together, the report has also shown that, the program has greatly improved the capacity building of social organizations, especially on their working efficiencies, internal mechanisms, and organizational recognition. At the same time, the social recognition brought by the central government is the well received by those social organizations in China. What's more, they have made a big progress on the abilities of resources mobilization and integration, the skills of professional social service, with the special and obvious improvement on program management.

In addition, facing the big challenge of funding and personal resources, NGOs in China could find their solutions under the supports from the government. It would play an important role in the survival and sustainable development for NGOs in China. Together, the development of NGOs in China could also promote the diversified social services to the public.

1.4.3 The Public

During the purchasing public services, the feedbacks from the public could directly reflect its effects, which would be the future tendency in evaluation as well. According to their evaluation report (2013), 2,037,000 people are directly offered with social services. 55% of the programs have got the feedbacks on the quality of social services with "more than expected satisfaction" based on the self-evaluation from undertaking social organizations. And 69% of the programs have got the feedbacks with "satisfaction" during their self-evaluation. The general comments on this policy can be concluded that, the coverage of beneficiary is high with the public services.

It can be seen from table 1 that there are four aspects covered by this policy, respectively on social development, social services, social work and training services. From the perspective of services, it has already involved in the elderly, the disabilities, poverty alleviation, education, public health, social development, environmental protection and so on. This means that the public could enjoy these services provided by social organizations under the supports from the government. Besides the direct beneficiaries, the feedbacks and monitoring from the other public are important during policy evaluation, which is still weak from the evaluation report.

5Problems and Challenges

Although NGO Research Center of Tsinghua University has been invited as the third party in the policy evaluation since its first attempt, there are still a lot problems and challenges related with its evaluation on purchasing public services in China.

1.5 Lack of Regulations & Laws, Evaluation Mechanism

In the country level, there are still no special regulations and laws about purchasing public services in China except the Government Procurement Law of the People's Republic of China issued in 2002. And the Government Procurement Law of the People's Republic of China is too broad on the procedure and products that can be sold out by the government. Without the protection from the law, it is difficult for the government officials to select social organizations in accordance with fair competition and openness. And there is also no any document to define what public service should be included and supported by the government. In the same way, it is also a challenge point to decide on how much social services should be during the purchasing process. In addition, evaluation mechanism should be mated together with the promulgation of new policies.

1.6 Weak Capacities from Social Organizations

Because of the special economic, political and cultural circumstance in China, the government owns all of the social resources, which is a big obstacle for the development of social organizations. Without sufficient supports from the public and government, the survival of social organization is hard as well. During the new economic and political reform, social organizations would be an essential part in the construction of civil society, which can be seen from purchasing public services. However, there are still a lot of problems on social organizations from internal and external sides.

From internal management, social organizations is still strange to most of the public in China because the comparative late and slow development before 1990s. Until September of 1995, because of the holding of the Fourth World Women's Conference in Beijing, the public started to know about NGOs, from the basic information like what NGOs are, what they are working on, how about the progress of Chinese NGOs and so on. What's more, most of Chinese academic studies show that Chinese NGOs are still weak in internal abilities, including deficiency of organizational capacity, the shortage of high-skilled personnel, unsound management system and weakness in mobilization ability. From the external environment, it needs to be improved from the public and the government. Most of the public has a low awareness of social organizations without participatory and supports. The government does not believe in abilities of social organizations without transparency system and monitoring mechanisms.

1.7 Low Participatory from the Public

The problems of low participatory from the public can be explained in two ways. The first is mentioned as the above, meaning that the public would not like to join in activities from social organizations and have a critic attitude on their work. And the second is their low participatory in the evaluation process of purchasing public services because of the poor understanding about this policy and evaluation mechanisms. The public in China usually only pays attention to the social services regardless of the providers. And until now, the evaluation has only taken from the reports and data of the social organizations, or even their self-evaluation. Take the old age service as an example, the old usually have no enough abilities and knowledge to join in the evaluation, and the evaluation did not take them into consideration. Both of two aspects would influence the evaluation's objectiveness and fairness.

2. Conclusion

In the international level, purchasing public service has already been popular as a common governmental policy, which plays a vital role in solving the fiscal crisis and improving the efficiency and effectiveness in public finances. In China, the policy of purchasing public services is also focusing on the effective governance and better social services from the perspective of the government. It would be meaningful to transfer public services from the government to social organizations under a better cooperation between them. What's more, under the fast changes and reconstruction of the government in China, policy evaluation would have a significant meaning on effective allocation of resources, democratic decision-making and innovative policy cycle, besides of the contribution on a successful implementation and to improve the efficiency and effectiveness of a policy. The objective and fair evaluation on the new policy of purchasing public services would be more valuable in China.

From the one case study, it can be found that social effects from the government, social organizations and the public would be regarded as three important components during the evaluation. In the meantime, the government would not select new social organizations, but prefers to choose those they have already known or have a good relationship with them during purchasing process. Social services are provided for the public, so the evaluation would be meaningless without the voices from the public. In conclusion, the policy evaluation on purchasing public services should be a positive guidance on policy cycle as a new policy, which needs to be improved and strengthened.

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