

Indicate, Evaluate, Incentivize: Environmental Behavioral Steering in Urban and Rural China

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Agenda

Urban Environmental Behavioral Steering: The National Civilized City Award

- *Introduction to the evaluation process*
- *What motivates city governments to fulfill the criteria?*
- *Impact on the environmental performance of firms*
- *Attempts at inducing environmental practices among urban residents*

Rural Environmental Behavioral Steering: Rural Governance Points Systems

- *Origins and logics of rural governance points systems*
- *Environmental behavioral steering indicators*
- *Implementation challenges*

Concluding Remarks



The National Civilized City Award (NCCA)

28 February 1981 Communist Party Central Committee's Propaganda Department and four ministries jointly issued the *Circular on Civilization and Politeness Activities* in order to “restore the good social atmosphere destroyed by the ten-year turmoil”.

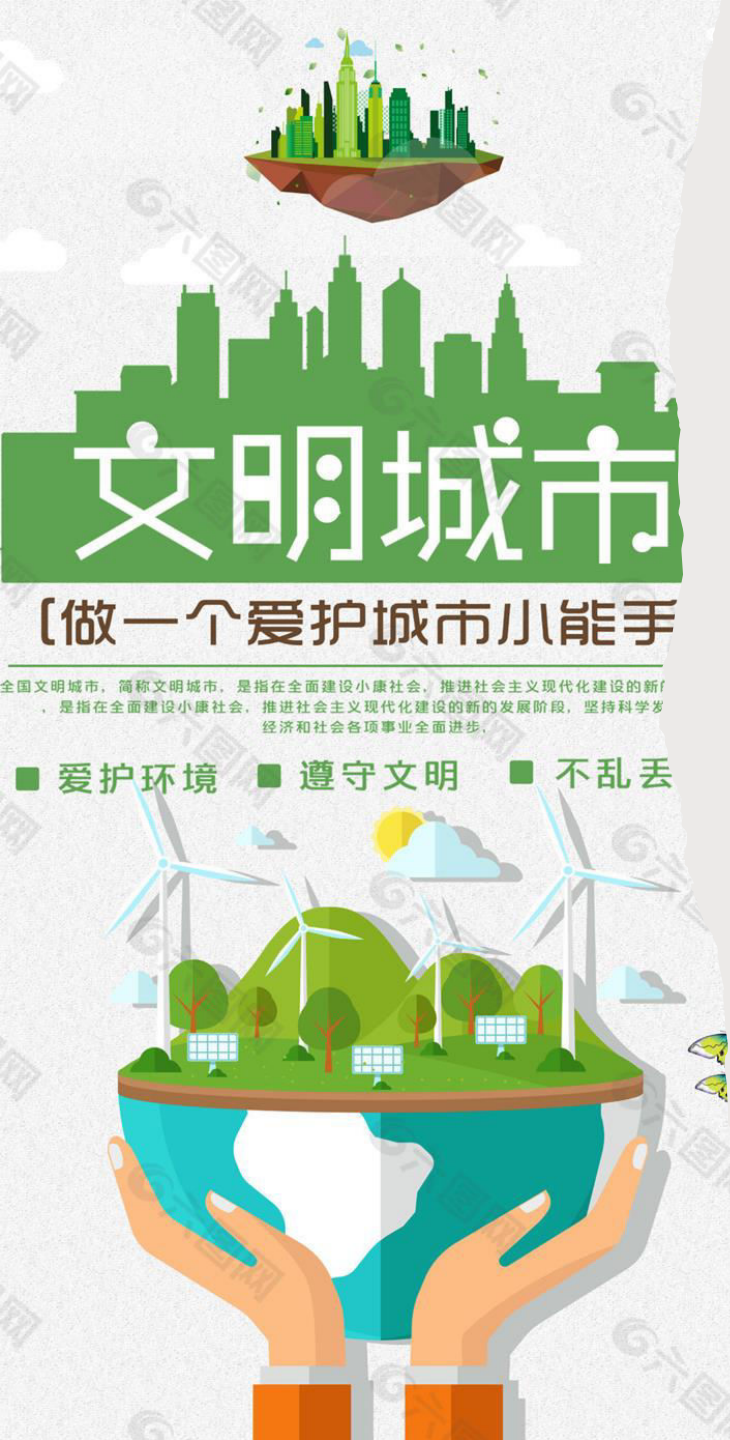
Key takeaway → activities designed to strengthen ‘civilizedness’ and politeness should be closely coordinated with strengthening urban management, improving law and order, beautifying the cityscape and maintaining social order

1997 → Founding of the *Central Guidance Commission on Building Spiritual Civilization* (hereafter *Central Civilization Office* [CCO])

Since 2003, primary activity facilitated by the CCO is the evaluation of cities in China across multiple political, economic, social, and environmental categories and the subsequent rewarding of the honorary title, ‘National Civilized City’ (*quanguo wenming chengshi* 全国文明城市).

In 2005 the CCO began assessing cities for ‘civilized’ status using a national assessment system. New editions issued in 2008, 2011, 2015, 2018, and 2021, or roughly every three-four years. The evaluation criteria for each round are revised to reflect changing policy objectives.





- Cities are selected for the award every three years
- Government work manuals are distributed by the CCO to lower-level Civilization Committees as well as city officials that apply to be considered for the award or those that seek to retain their title on a yearly basis.
- Slightly different evaluation standards are distributed to jurisdictions dependent upon their administrative level; municipalities (直辖市), provincial capitals and sub-provincial cities (省会和副省级城市), prefecture-level cities (地级市), county-level cities (县级市), and urban districts (城区).
- For the 2021-2023 selection cycle and from a total of 447 nominated candidates, the CCO announced 133 new civilized cities/districts in addition to 151 cities/districts that retained the honour from the previous listing.



新版全国文明城市（地级以上）测评体系

怎样组成？



2021 National Civilized City Assessment System for prefecture-level cities and above

- 9 Evaluation projects
- 72 Evaluation contents
- 140 Evaluation criteria



“8” 大环境

‘Eight Primary Environments’

- ④ 廉洁高效的政务环境
- ④ 公平正义的法治环境
- ④ 诚信守法的市场环境
- ④ 健康向上的人文环境
- ④ 和谐宜居的生活环境
- ④ 安全稳定的社会环境
- ④ 有利于可持续发展的生态环境
- ④ 促进青少年健康成长的社会文化环境


1. Honest and efficient government affairs environment,
2. Fair and just legal environment,
3. Honest and law-abiding market environment,
4. Healthy and progressive human environment,
5. Harmonious and convenient living environment,
6. Safe and stable social environment,
7. **Sustainable and beneficial ecological environment**
8. Sociocultural environment that supports the healthy development of adolescents

七

有利于可持续发展的生态环境


环境管理与环境质量

 改善城市空气质量

 改善城市水环境质量

 加强城市河湖管理

 改善城市声环境质量

 树立绿色环保观念

土地资源管理

 落实耕地保护制度

Sustainable and Beneficial Ecological Environment

- Improve urban air quality
 - Strengthen management of urban rivers
 - Improve the quality of urban aquatic environments
 - Improve noise pollution levels
 - Establish environmental ethic
-
- Implement arable land protection system

How are evaluations conducted?

- Material audits, onsite investigations, questionnaire surveys, supplemented by reports, internet surveys, and general observation of city conditions.
- The little we know about the on the ground realities of the assessment process demonstrate the evaluation methods make room for falsification of details, deception, and Potemkin village like responses (Flock, 2020; Xu & He, 2022)



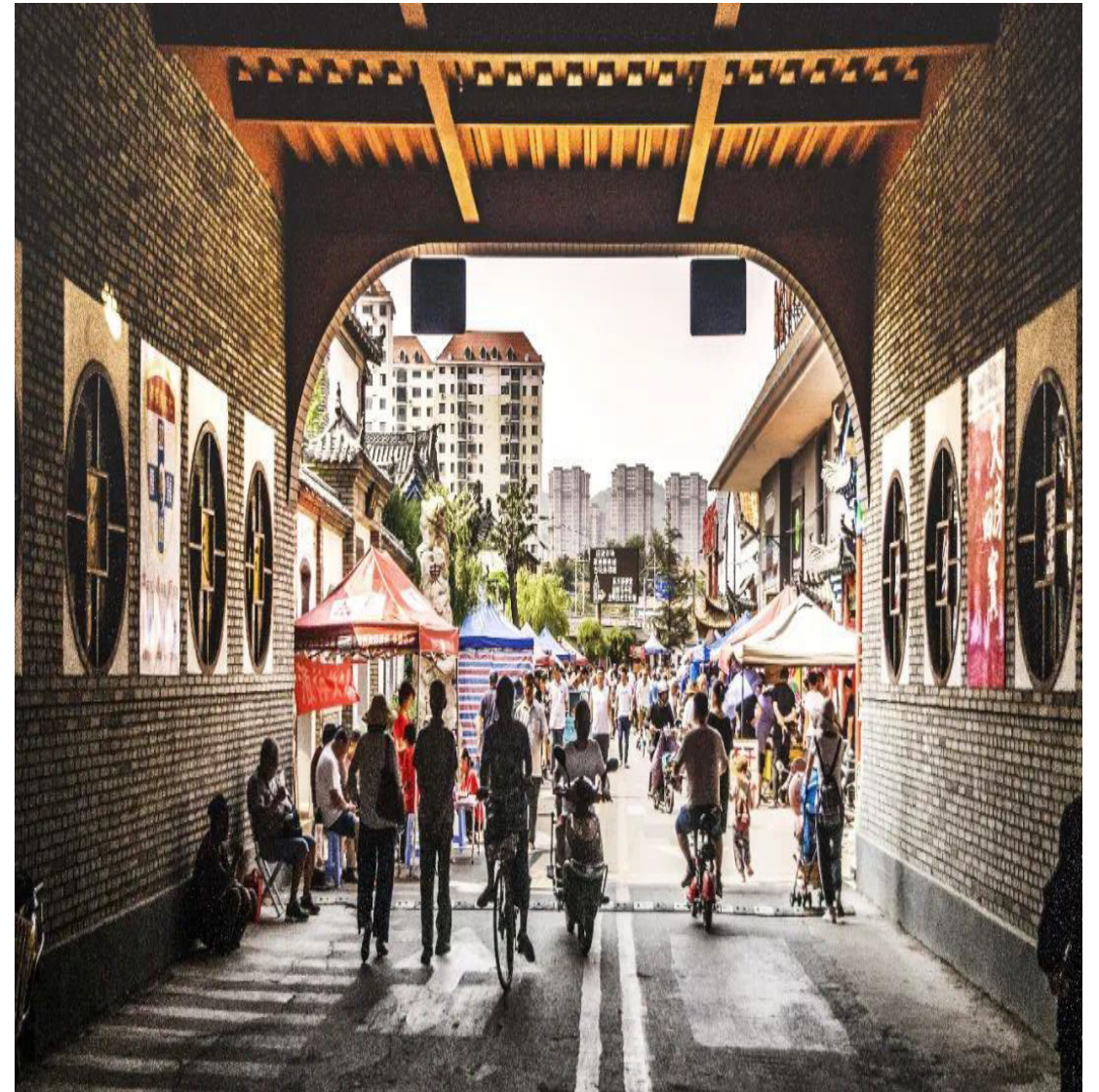
Assessment content	Criteria	Required Records
Green coverage rate of built-up areas (%)	A > 35%, B > 30%, C ≤ 30% (western cities: A > 25%, B > 20%, C ≤ 20%)	Relevant statistics supplied at the end of the year before the evaluation
Green spaces rate (%)	A > 30%, B > 25%, C ≤ 25% (western cities: A > 20%, B > 15%, C ≤ 15%)	Relevant statistics supplied at the end of the year before the evaluation
Public green space per capita (m²)	A > 8, B > 6, C ≤ 6	Relevant statistics supplied at the end of the year before the evaluation
Unhazardous treatment rate of domestic waste (%)	A > 80%, B > 65%, C ≤ 65%	Relevant statistics supplied at the end of the year before the evaluation
Urban sewage treatment rate (%)	A > 60%, B > 55%, C ≤ 55%	Relevant statistics supplied at the end of the year before the evaluation
Environmental Protection Investment Index (%)	A > 2.0%, B > 1.5%, C ≤ 1.5%	The environmental protection investment index over the past two years calculated separately and the average
Air pollution index (days with API index <100 in the whole year) (%)	A > 80%, B > 75%, C ≤ 75%	The air pollution index over the past two years calculated separately and the average
Environmental noise standard area coverage rate (%)	A > 70%, B > 60%, C ≤ 60%	The coverage rate of environmental noise compliance areas in the past two years calculated separately and the average
Water quality compliance rate in urban water functional areas (%)	A=100%, B>85%, C≤85%	The water quality standard compliance rate and number of urban water functional areas in the past two years calculated separately and the average

Environmental Criteria translated and adapted from a version of the 2021 Civilized Cities Assessment System

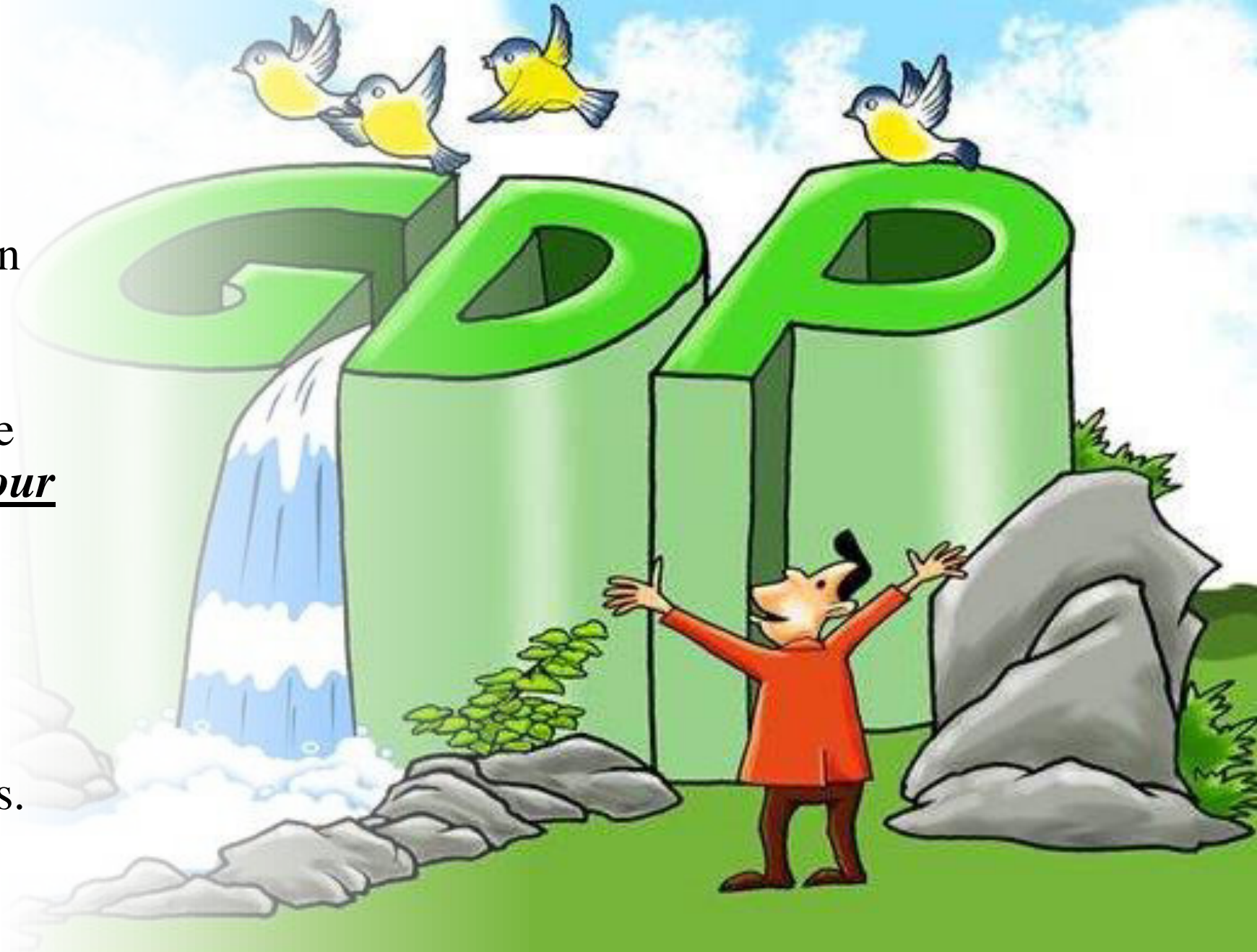
Geez, seems like a lot of work...why should officials bother?

- The award greatly enhances the brand value of cities
- Scholars find selection as a civilised city promotes the growth of the local tourism economy (Chen & Mao, 2021) significantly more than other awards (eg ‘Excellent Tourism City’, ‘Famous Historical and Cultural City’, or ‘Smart City’ honours).
- The award can attract investments and increases the likelihood of a city being selected for the implementation of projects sponsored by the central and provincial governments.
- Most importantly – local officials who have achieved the title of NCCA are more likely to be promoted (Zhang et al., 2021)

In other words, significant incentives motivate local officials to satisfy the award criteria



- Previous studies mainly focused on the effects of either law or regulation on the environmental performance of firms.
- Less researched is how the pursuit of a national honour which increases the brand reputation of a city and improves the promotional prospects of officials may impact the environmental performance of local firms.



“We find that the environmental performance of firms located in civilized cities is higher than that of firms in non-civilized cities [...] the effect is more pronounced for state-owned enterprises, heavily polluted firms and firms in regions with officials having stronger promotion incentives.”



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The impact of government intervention on corporate environmental performance: Evidence from China's national civilized city award

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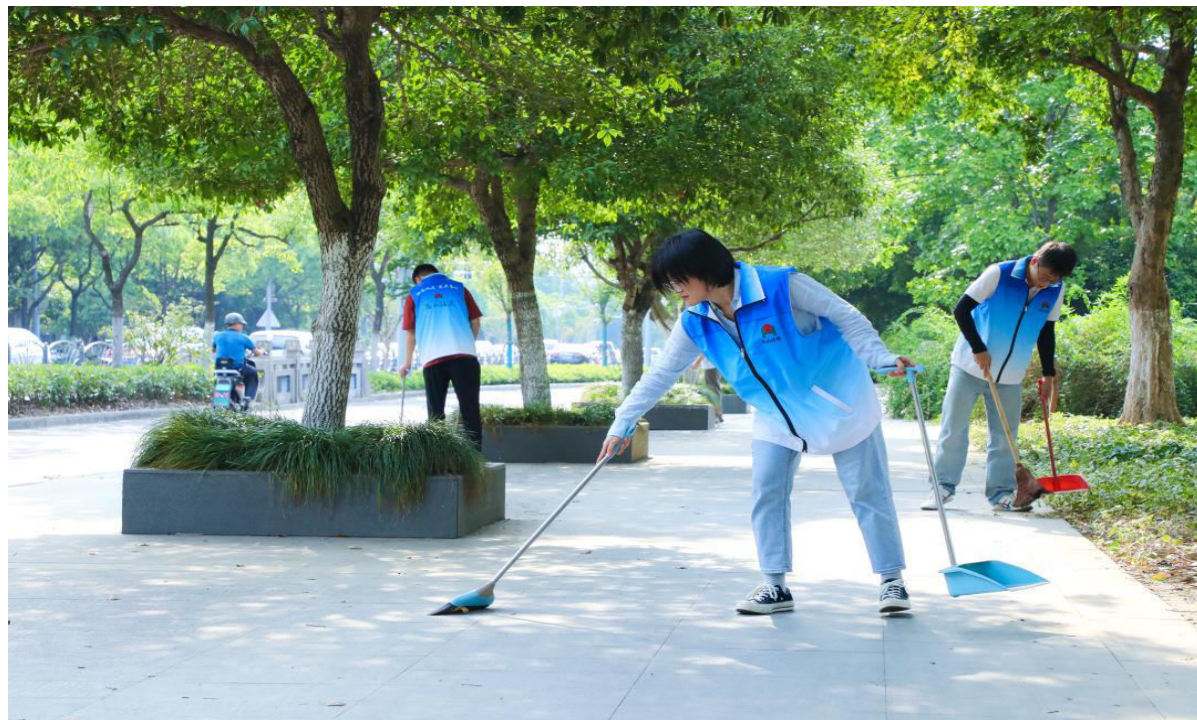
ABSTRACT

The national civilized city is the most influential city brand in China. Employing Propensity Scores Matching (PSM) design and difference-in-difference (DID) approach based on the quasi-natural experiment of participating in national civilized city award (NCCA) campaign, our paper examines the effect of government intervention on the corporate environmental performance (CEP, hereafter). We find that the environmental performance of firms located in civilized cities is higher than that of firms in non-civilized city during the event period. Then, the effect is more pronounced for state-owned enterprises, heavily polluted firms and firms in regions with officials having stronger promotion incentives. We also confirm that local officials who have achieved the title of NCCA are more likely to be promoted. Finally, we find that NCCA campaign would destroy firms' financial performance in short-run but the effects reverse in future. Our results indicate that CEP is in the interest of local governments, providing a new perspective for understanding the determinants of corporate social responsibility in emerging markets.



*'Live in a Civilized City
Be a Civilized Resident'*

- We know that the likelihood of provincial leaders being promoted increases with their economic performance (Li & Zhou 2005).
- More recently, Zhang et al. (2021) find that achieving the NCCA can increase the promotion chances of local officials
- The pursuit of the award, and the ensuing pressure to maintain it, appears to improve evaluated environmental conditions by incentivizing local officials to meet criteria set by central authorities.



垃圾分类
人人有责

讲文明树新风--文明从我做起



'Sorting garbage is everyone's responsibility'

垃圾分类 循环利用



垃/圾/分/类/循/环/利/用

垃圾分类 举手之劳

- In September 2020 Suzhou introduced a personal credit scoring system, the 'Suzhou Civility Code', which had to be withdrawn three days after it was launched due to public backlash and media criticism (The Stand News, 2020).
- Comprised of two sets of indexes during the time it was live: 'civility in traffic performance' and 'civility in voluntary work performance' meaning, for example, persons would have points deducted for jay-walking or drunk-driving and gain extra points for contributing volunteer work.
- According to Suzhou city's Public Security Bureau, later upgrades to the system would include more indexes, such as 'civility in garbage recycling' (The Stand News, 2020).



- Consequences of wide experimental parameters granted to the social credit system → confusion over the meaning of key terminology, cases of local overreach, as well as the inclusion of trivial infractions into the scope of credit records
- July 2019 → NDRC announced that personal credit scores could no longer be used for punishment and only as a reward incentive (Tencent Net, 2019).
- December 2020 → State Council reasserted definitions of untrustworthy behaviour must adhere to either established laws and regulations, or policies and documents specified by itself or the Party Central Committee.
- Today most local level social credit systems based on rating or scoring of individuals are 'opt in', and function more like loyalty reward programs with reportedly low rates of participation (Drinhaussen & Brussee, 2021; Li & Kostka, 2022).



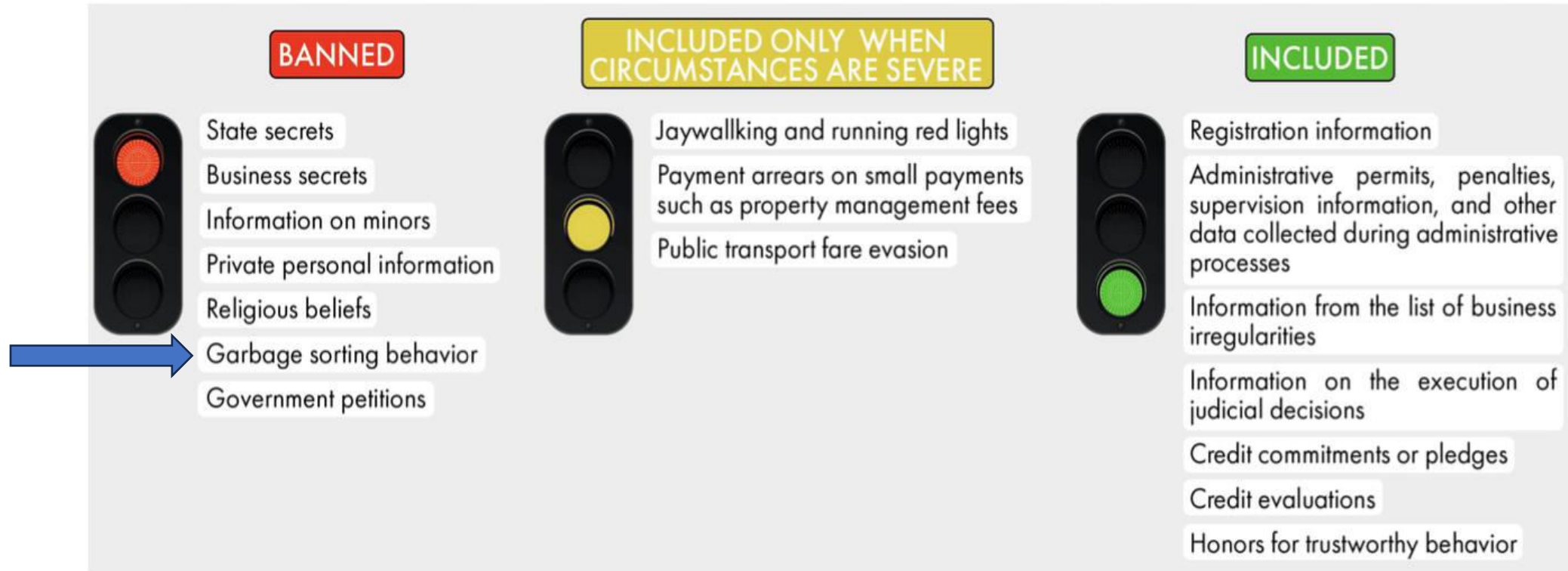
Deputy Director of the NDRC Lian Weiliang



Since 2021, central social credit authorities have focused on establishing catalogues which specify what kinds of information are included/excluded from the scope of public credit information.

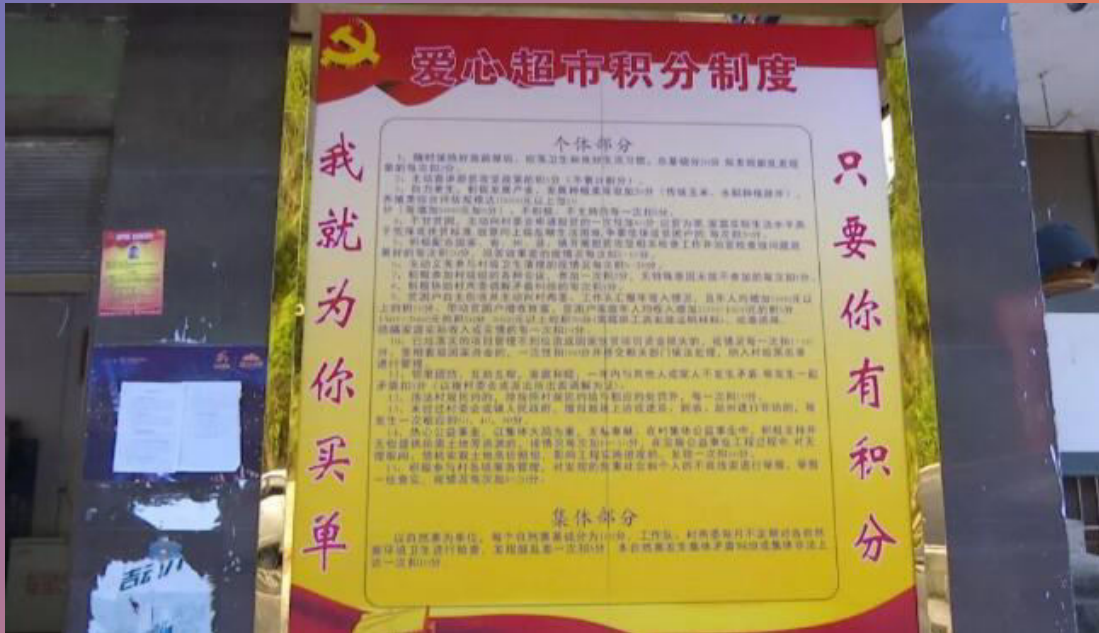
Controlling Data Collection

The traffic light system for what social credit data can or cannot be collected.





Rural Governance Point System Exchange Event



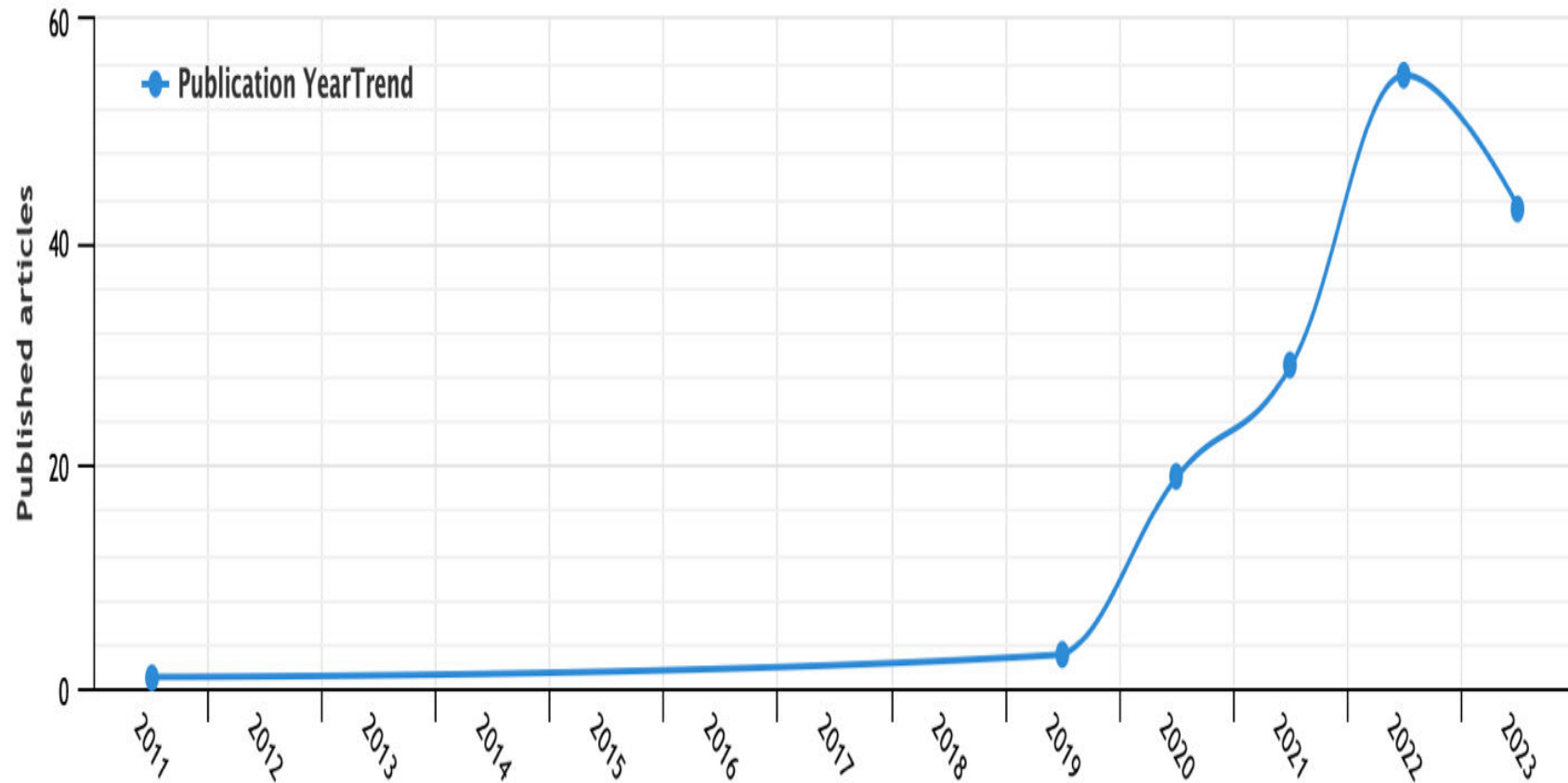
I will pay the bill, so long as you have points

- Environmental behavioural steering in cities through the channel of social credit may have stalled or at least narrowed – but the same logics have emerged in other recent initiatives in the countryside
- Recognised by the Party Central Committee and State Council as a governance innovation since 2018, ‘**rural governance points systems**’ (乡村治理积分制), are now being adopted across practically all aspects of rural administration.
- Under these points systems, village rules and regulations once consigned to paper documents are being converted into quantifiable indicators and publicised point scores amenable to various use cases.
- Individuals can use points they have accumulated at specially demarcated supermarkets in exchange for daily necessities and other goods.
- Some areas attach points to welfare and financial benefits, such as in deciding yearly distributions of dividends from the village’s collective economic enterprise or simplifying access to credit for the unbanked.

“玉兰花开”巾帼家美积分超市

- 2019 – Party Central Committee and State Council called for the expansion of “innovations in rural governance mechanisms” and “improved supervision, reward and punishment mechanisms for village rules and regulations” (Xinhua, 2019).
- 2020 – Ministry of Agriculture and Rural Affairs noted the success of a few notable pilot experiments and greenlit townships and villages to set up indicators based on annual work priorities to establish dynamically managed and operable points systems (Ministry of Agriculture and Rural Affairs, 2020).
- 2023 – Party Central Committee and State Council specifically called for the expansion of points systems nationally





As of June 2023, the Ministry of Agriculture and Rural Affairs (2023) reported 35,000 villages across 31 provinces had established points systems, serving more than 5.22 million villagers.

Figure 1: Record of research articles about 'rural governance points systems' available on China National Knowledge Infrastructure Database (inputted search terms: 乡村治理积分制; 乡村积分制管理)



- Points management aims to induce residents to participate in village governance and counter the mentality of “waiting for the government to provide a well-off society” (坐等政府送小康) (Tian, 2021: 142), which scholars attribute to the previous project-based development model.
- Village-level organisations are attempting to mobilise and regulate villagers’ participation in village-level governance through the designation of redeemable points for specific governance goals (Huang & Wang, 2022).
- Household-based form of points accumulation, public display of points through communal bulletin boards and online platforms, material and welfare incentives, a wide array of actors and institutions – including input from villagers concerning the scope and targets of scoring.
- The underlying logic of points systems is that villagers are regarded as rational economic actors – incentivised to act in accordance local rules and regulations to obtain rewards through competition between households and maximise personal gain (Wang et al., 2021).

Indicators



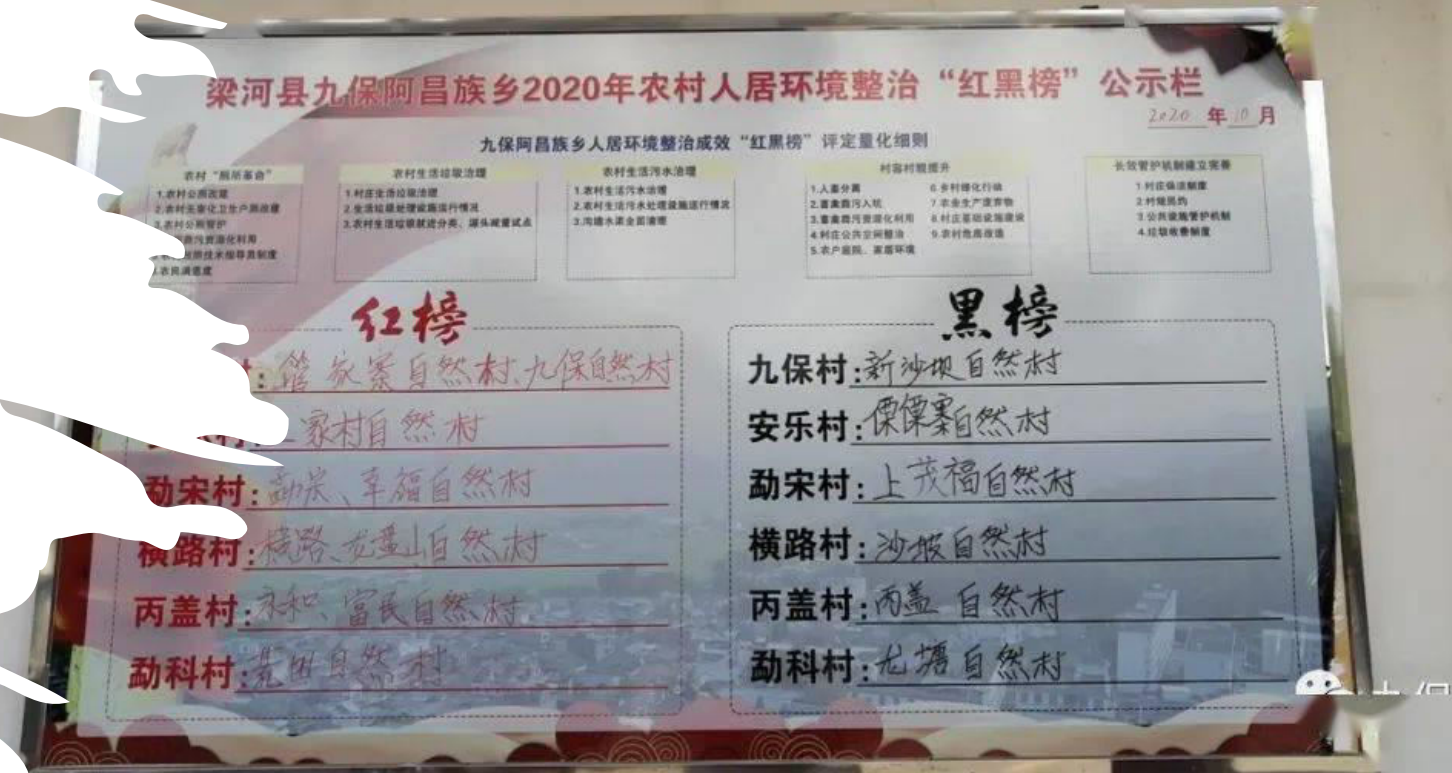
Redeemable Points Card



Garbage classification points exchange activity in Beizhuang Village, Shandong

- The rural revitalization strategy focuses on five aspects: industrial revitalization, talent revitalization, cultural revitalization, **ecological revitalization**, and organizational revitalization.
- Many points systems begin with a focus on one of these areas, such as ecological revitalization, and then expand to encompass other aspects
- Points awarded for volunteering related to the clean-up of the local environment, correct recycling/garbage disposal, dismantling of non-functional buildings, and maintenance of personal household courtyards
- Points deducted for littering (Gao, 2019), theft and damage to trash cans, burning straw and garbage in the open air (Zhao & Zhao, 2022) and damaging the local environment (unspecified) (Xu & Yang, 2022)

- At years end, overall points for villagers/households are ranked from highest to lowest and displayed in communal spaces, or through Wechat groups (Tang & Zhou, 2021)
- Use of black/redlist system to publicise high/low scorers
- Villagers are active participants and supervisors in the points reporting and collection phase, which is intended to prompt them to pay more attention to the stylisation of the points system during implementation and revision (Huang & Wang, 2022).



Challenges

- Chinese research literature highlights that points system management has shown short-term effectiveness in trial areas.
- However, funding constraints, stagnation in terms of the positioning of high/low scorers', and expanded workloads for village cadres, among other problems, present significant impediments to the long-term sustainability of points management
- Importantly, while framed as incentives-based, points systems do feature punishments, such as the naming and shaming of non-compliant residents and reductions in the share of yearly economic dividends from the village collective enterprise.

Classifying garbage piece by piece greatly benefits the environment



To summarize...

Urban Environmental Behavioral Steering

- Aside from laws and regulations, the incentives associated with achieving the prestigious National Civilised Cities Award may positively influence urban environmental governance in China and the achievement of national sustainability targets.
- For example, the environmental performance of firms located in civilized cities has shown to be higher than that of firms in non-civilized cities
- However, fieldwork research shows the assessment process is susceptible to falsification of details, deception, and Potemkin village like responses
- Meanwhile, environmental behavioural steering of urban residents through social credit has stalled due to concerns of mission creep

Rural Environmental Behavioral Steering

- In theory, the amenability of rural governance points systems could see villages tailor their contents to respond to specific, area-dependant environmental challenges.
- So far however, they target generic behaviours, like encouraging recycling practices and keeping villages free of rubbish
- Funding constraints, stagnation in terms of the positioning of high/low scorers', and expanded workloads for village cadres challenge the long-term sustainability of points systems as a tool of behavioral steering

Concluding Remarks

- The Chinese government is intent on improving government, company and citizen compliance with rules, regulations and development objectives through the imposition of indicator-based governance, and one such area is promoting sustainable environmental practices.
- Presently a narrow conceptualization of environmental behaviors across both initiatives (ie recycling behavior, 'cleaning up the local environment', more 'green' spaces)
- As past practices of indicator-based governance in China and elsewhere abroad demonstrate, these methods are subject to bias, arbitrariness, and marginalization of certain groups – quantification does not necessarily entail 'scientific'
- These practices shape existing social understandings of morality and deservingness and should be implemented with concern for the inequalities they may exacerbate or produce

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