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Management Mechanism and Services of Development Zone

As a type of social economic phenomenon, development zone is generally defined as a special area that a country or a region appoints to adopt special policies and management measures within in order to attract external factors of production and to promote economic development of the country or region. With the development of commodity economy, international trade, science & technology, and international division of labor, development zone has gradually come into existence and has been on the developing track. Development zone, in terms of global view, normally falls into three major categories, namely, free port (including free trade zone), export processing zone and scientific & industry park. Pushed forward by reform-and-opening-up policy and the revolutionary tide of new technology, China has set up different types and levels of development zone in succession in the recent twenty years, such as special economic zone, economic & technological development zone, high and new technology industry development zone, border economic cooperation zone, and bonded zone.

To put it in a popular way, development zone is set up as a pilot field for system innovation under the background of traditional system. Efforts are made to build a new management system and operation mechanism with high efficiency and flexibility that conforms to the development law of industry and coordinates market economy and government functions. Even in its initial stage, development zone has already taken the

“leading” place in this reform and opening-up era. The bold innovation on system has been made to create a “micro-climate” of investment following the international convention. Over a decade, an efficient and capable management system of “small government, big society” has been established. Compared with the common administrative districts, development zone enjoys a number of advantages, such as the newer system, newer concept, more streamlined government organs, more competent personnel, lighter burden and higher efficiency.

I. Management Mechanism of Development Zone

The management mechanism of development zone refers to a system, for the purpose of efficient management, that concerns the organizational setting pattern, the administrative limit and function range of development zone.

i. Viewed from three levels--- macro-, meso-, micro-

1. Macro-management

In this macro-level, state development zones are all implementing the system of “two levels of authorizing, two levels of management” by both central government and provincial government. In this system, the authorizing right of setting up state development zones is handled by the State Council, but the centralized management by specialized departments over the zones differs. The establishment of state economic & technological development zones shall go through the application formalities by the local provincial government to get the approval of the State Council, while the Ministry of Foreign Trade and Economic Cooperation is authorized by the State Council to conduct macro-management, regional adjustment and business guidance over these zones. The setting-up of national high and new technology industry

development zones is also applied by the local provincial government to the State Council and upon approval, the Ministry of Science and Technology is authorized by the State Council to conduct macro-management, regional adjustment and business guidance over these zones. In addition, the dynamic management pattern of “closed management, open operation” and “total amount control, regular examination, the superior stepped up and the inferior stepped down, classified guidance” is adopted.

2. Meso-management

In this meso-level, state development zones are governed by local governments and commonly set up by the province and city. Three types of management mode can be classified as follows:

(1) Government-directed management. The steering group mainly consisting of local provincial and city leaders is normally set up in the development zones. Such steering group is responsible for making decisions and coordinating the major issues of the development zones. Meanwhile, the management committee is also established in the development zones by the local provincial and city government. The committee, as the dispatched agency of local provincial and city government, is entitled the economic management right of city grade or partially provincial grade to conduct unified governing and management over the development zone on behalf of the government.

(2) Enterprise-operated management. The construction & development corporation, with certain administrative management functions as an economic entity, is initiated in the development zone to exert operational management over the zone.

(3)Government-enterprise combined-into-one management. The management committee and the construction & development corporation share one team of personnel but have two names. Leaders in superior management level are combined into one team, and the major function organizations merge work in one office.

3. Micro-management

In the micro-level, state development zones are equipped with various function management organizations, research & development production organizations, operation business organizations, and support service organizations as well as types of corresponding management systems concerning enterprise, industry & commerce, tax administration, banking, the customs, auditing, accounting, credit, materials, commodity inspection, insurance, justice, law, foreign trade, special issue, talented personnel, information, consultation, real estate, labor services, market, etc. in accordance with the principles of “small organ, broad service” and “small entity, big society”. Nevertheless, different goals and functions of economic & technological zones and high and new technology industry development zones lead to diverse organizational settings and related systems. For instance, economic & technological zones bases to attract foreign capital, introduce advanced technological equipment and managerial experience from abroad, and strengthen the capacity to earn foreign exchanges through exports. So, there are normally trade & trade & investment promotion bureau, economic development bureau, commodity inspection bureau of the customs, foreign investment service center, international goods distribution center, and other

organs in these zones, along with the systems of labor recruiting, marketing, quality, cost and technological production. As the bases of developing hi-tech technological industry depending on the scientific & technological resources and industrial foundation, high and new technology industry development zones frequently own hi-tech pioneer service center (business incubation), oversea-student returnee pioneer park, private-owned science & technology park, venture investment company, scientific & technological consultation center and other organs, as well as the management systems concerning the identification of hi-tech technological enterprise, intellectual property protection, technology innovation, technology contributed as equity investment, appointment and assessment of scientific & technological talents.

ii. Viewed from management mode

Firstly, the quasi-government system of management committee. The management committee, as the dispatched agency of government, mainly deals with the economic development planning and management, providing services to enterprises in the zones. Besides, the committee holds certain rights of administrative examination and approval, thus contributing to more streamlined organs and smaller size of personnel force compared with the management system of administrative districts. Such system applies to the new independent zones with small number of population. Most development zones adopt this mode in their initial stage of construction.

Secondly, the system combining development zone management and administrative district management. It is featured in combination of management functions of both development zones and districts, or sharing one team of personnel while having two names. The internal organs retain the organization and functions of

district's management organs. This mode suits the following circumstances: the whole administrative district is made as a development zone; the development zone is part of the original district structure.

Thirdly, the development system dominated by enterprises. In this mode, the main body of development is developer, who plans, invests, develops and manages a development zone, instead of making first grade administrative organs or dispatched agencies of government in charge. Development companies shall develop industry land, and also invest greatly in infrastructure. But, they cannot acquire necessary compensation for investment directly from tax income as the behavior of the majority of administrative management organs. The cost of infrastructure shall be compensated by the development income from land for industrial and commercial use.

iii. On the basis of years of experience, characteristics of economic management mechanism of development zones can be summed up as follows:

1. National development zones are examined and approved by the State Council. These zones are fully authorized by the state and under the governance of local governments to fulfill the tasks demanded by the state in accordance with the management regulations formulated by people's congress of provinces, autonomous regions, and municipalities directly under the central government. In the opening-up drive to the outside world, compared with other regions, development zones play an irreplaceable role as an interface of innovation, a model of radiation;

2. The management committee of development zones stands as the dispatched agency of municipal government, performing economic management rights of the government. What is more, it is entitled the right at provincial level to examine and

approve foreign investment projects, which is unrivalled to common economic areas;

3. Streamlined organs in development zones make it possible for one division to work as dozens of divisions in authority organizations. Working efficiency has been enormously enhanced and administrative cost greatly saved. It can hardly be realized in ordinary areas;

4. The management committee holds on to the principles of economic matters as core, “project as lifeline”, against the interference of chores, and “every person is investment environment” from leaders to ordinary cadres. All work is subject to the requirement of developing economy, which cannot be done in governments and administrative districts with complex social affairs;

5. Development zones update the land usage notion, pioneer in carrying out paid use of land, and give rise to considerable effect. The management committee indirectly compensates the high cost of developing land from its own fiscal levy, which is hard to operate in ordinary areas with less solid financial backup;

6. In its beginning stage, development zones have already paid attention to strengthening its service function. In early days, Guangzhou development zone broke the ice of “street of foreign investment”, followed by the gradual emergence of various “One Stop” service in different areas. Currently, many development zones are constructing networks to promote investment via the Internet. The promotion of e-government aims to elevate the “simulated environment for international investment” to a major component of the international investment environment;

7. Development zones have conducted reform in terms of personnel administration by carrying out a complete set of new measures on open recruitment, competition for job post, the superior stepped up and the inferior stepping down. Vital changes have

taken place in people's concepts of employment and occupation selection in the development zones. Such profound changes in mind caused by system alteration are bringing unbounded potentials for development zones' sustainable development.

8. As for environmental protection, management measures are performed to supervise, assess, and ensure the mark-reaching of the region as a whole. A number of development zones have reached the standard of ISO14000 Environmental Management System, and becomes regional model areas for environmental protection. To those regions with dispersed management, it is hard to handle in this aspect;

9. To get ready for China's entry in WTO and actively transform the government functions, development zones are restructuring the administrative management systems and market operation mechanisms to better meet the demand of WTO rules.

iv. Management system and operation mechanism of Urumqi high and new technology industry development zone

Urumqi national high and new technology development zone continuously advances the transformation of functions in the spirits of "simplification, unification, effectiveness", condenses the management levels within the zone, simplifies formalities, removes or merges divisions and organs that need no independent setting. A centralized management mode of "one work building, one stop service" and "a single interface" as well as a scientific, standardized administrative management system easy for public supervision have been implemented. Endowed with examination and approval authorities, the zone carries out "open government affairs", "combine rights with duties", "handle affairs within prescribed time" and other systems, offering the enterprises in the zone efficient, convenient, top-grade service and management. For matters need to be examined and approved by other departments, the zone actively

coordinates and communicates and even deals with the issues on behalf of the enterprises or assists them in the process. The act enables the enterprises to concentrate on their research, development and operation.

The management organs of the zone adopt “consultation system for administrative decision-making” on the premise of high efficiency. Experts and intermediary service agencies of various trades are organized to engage more in the pre-research of decision making, and to back up the decision-making of administrative management in the zone. Major decisions and administrative behaviors of the zone must following the procedures of consultation, decision-making for major affairs, of argumentation, approval and initiation for major projects, of assessment, acceptance check for major tasks. The hearing system for major decision-making and open system of government information are implemented within the zone to comprehensively promote the decision-making more scientific and democratic.

The employment system has been reformed to improve the ethical quality and professional quality of management cadres in the zone. Specifically, the system of “identity frozen, post managing” and post objective responsibility system are set up and completed for post assessment system; the system of “open recruitment, competition for job post, annual evaluation, cellar adjustment” that puts everybody to the best use is pushed forward to upgrade the quality and performance of the management team. The zone further alters its work style, fosters service consciousness, uplifts devotion spirit, advocates pioneering conduct, goes for practice, tolerates failure, encourages competition, and recommends cooperation and other favorable orders, bringing about pervading atmosphere of advanced culture in the zone. The construction of ethical culture shall be combined with the completeness of incentive mechanism. The zone

shall be allowed to explore and execute new types of distribution way while speeding up the development of high and new technology industry.

II. Services of development zones

The sustainable and rapid growth of China's economy is closely tied with the growth and development of kinds of development zones. Nowadays, the majority of China's development zones bear three major functions as trade & investment promotion, enterprise service and public service. The premier issue for the present research on development zones lies in that what is the way to improve the service level, service efficiency, competitiveness of investment environment in the zone, and finally building development zones into the propel of China's reform and opening-up drive as well as the accelerator of urbanization drive. Across the whole country, development zones have already transformed from the closed trail bases for reform and opening-up in the early stage to open development. Their functions also evolve from the original "Four Interfaces" (of technology, management, knowledge and opening-up to the outside world) and "Three Priorities" (of foreign capital, developing industry and export to earn foreign exchanges) to the service-oriented management mode in the zone. The investment environment is further improved, the zone competitiveness is strengthened and the developing space of old city is enlarged. Development zones serve an important channel to realize urbanization as quickly as possible, and play the role of incubator for development of high and new technology industry.

i. Establish "excellent land" of service

Development zones have made the following attempts to change the management into service by rigorously originating ways of thinking: they continuously improve service quality and standard by basing on the development of enterprises and emphasizing the

macro-management in accordance with the rules of market economy and international conventions; a large number of approval items and links have been reduced to alter the work functions and administrative style in real sense by intensifying the supervision and management over policy guidance, comprehensive law enforcement and public orders; Social intermediary service system has been greatly developed to give full play the management and service effects of such system; the systems of in-door service, tracking service, and supervision have been strengthened; open commitment system concerning the formalities of enterprises has been carried out to display the investors the conditions for examination & approval, procedures for formalities, content and requirements for application documents, locations for formalities and charge standards; to speed up the enterprises' putting into operation and meeting the standards, development zones are conscious of the difficulties and problems to be solved confronting those enterprises and problems are ensured to be solved within certain working days and the results will be delivered to concerned enterprises. For a better service and working efficiency, development zones also offer tracking service to formalities that the enterprises go through. The responsibility system of internal office is improved that an office having accepted application documents from foreign investment enterprises must reply within the prescribed limit according to the announcement system.

Development zones never cease the steps to improve the integrated service system of project construction and the overall service system of in-zone enterprises. To introduce the investment enterprises and keep their stay in the zone, development zones further strengthen the early-stage service system in the project examination and approval procedure. Next, the zones have made efforts to perfect the overall service system in the project construction procedure by appointing specialists to coordinate

between the related divisions to service the enterprises, ensuring the early start, rapid construction and early operation of the in-zone enterprises. The overall standardized and systematized service creates an excellent land for investment which makes old investors at ease, disburdens new investors' worries and tempts intended investors.

ii. Build "low-lying land" of environment

The trend of favorable policy assimilation leads to development zones' fading attractiveness to investors. Therefore, development zones have adjusted the focus on improving environment for economic development, striving to keep the enterprises for a long stay and promise quick returns. There are three measures to be taken. First, the quality of supporting infrastructure shall be improved. Sound infrastructure is essential for "golden phoenix's nesting and laying eggs". The powerful guarantee of water supply, power supply, communication, road, environmental protection, and public security serves a necessity for an on-schedule start of investment projects. Meanwhile, high-quality facilities of living and entertainment shall be constructed to build a simulated environment in line with international practice. Second, the supporting industrial environment shall be set up and improved to attract investors, especially the famous large enterprises and transnational corporations, as the new trend of development zones' promotion for investment. Third, the construction of soft environment shall be strengthened. Quality of soft environment represents the core-competitiveness of a development zone. Development zones shall put themselves in investors' position, provide professional services to investors, and make best efforts to settle their difficulties on production and living. Investors are able to sense the relaxing atmosphere and considerate service everywhere in development zones.

iii. Build "highland" of talents

Development zones uphold the management idea of “people-oriented” by creating the micro-environment of “keeping talents by career” and “keeping talents by remuneration”. In this way, both “construction achievements” and “talents achievements” can be made in development zones. The incentive mechanism of selecting and appointing the superior personnel, and giving priority to efficiency is set up. The employment mechanism is formed in which more qualified employees can be selected, employees are prepared for both promotion and demotion, and employees can enter or exit the enterprises. Measures shall be taken to encourage cadres and staff workers to do innovative undertaking. The personnel system shall be innovated while the government employee system, the talents-dispatching system, and the open recruitment system shall be reinforced for early realization of market-oriented cadre-personnel system, employment system and distribution system. The ethical education shall be reinforced, the professional competence be emphasized, the evaluation system be improved and the personnel resigning channel be cleared to guarantee the “metabolism”. Guarantee institutions of a clean and honest administration shall be set up and improved to form a team of high-quality managers in which every member is ideologically sound, professionally competent and disciplined in work style, thus the modern management of development zones can be achieved.

Aim at servicing the enterprise development,

iv. Services of Urumqi high and new technology industry development zone

Upholding the principles to build streamlined, unified, and efficient systems of management and service supporting featured in “small organ, broad service”, the high and new technology development zone strives to provide integrated service to its in-zone enterprises. During the strategic course of implementing “second-time pioneer”,

the zone attaches great importance to better the environment, optimize the service and guide the enterprises efficiently, creating favorable development surroundings for the enterprises. In terms of service environment construction, Urumqi high and new technology industry development zone has proposed to its internal organs that efforts shall be made to administrate by law and work in civilized way, which is essential for function transformation, better service, and administrating the zone by law. Besides, chief obligations of the administrative organs have been regulated to service the grassroots units, the enterprises and investors. The high-quality, high-efficient service environment is effectively constructed in the zone. Meanwhile, the restructuring and optimizing of organizational structure and work procedures are implemented in line with the requirement of setting up e-government. The administrative regulations are formulated and improved, the functions transformed, and the service enhanced. The combination of performing the official duties by law and by virtue spreads the conduct code of professional ethics over each link of the government work.

In the year of 2004, the management committee of Urumqi high and new technology industry development zone drew up and issued Decisions on Further Strengthening the Trade & Trade & investment promotion in Urumqi High and New Technology Industry Development Zone, which not only solidified the dominant position of trade & trade & investment promotion in the work of the whole zone, but also clarified the organization, policy-making, service system construction, publicizing and supervision of work mechanism of the zone's future trade & investment promotion campaign. It is guidance document of the zone's trade & investment promotion work.

Specific services that the zone provides to the investors are listed bellow:

1. The north district of the zone is the pilot of "free-of-charge region"

For enterprises entering the north district of the zone and under construction, miscellaneous fees at the zone's fiscal level including municipal supporting facility charge, project quality supervision charge, wall materials transformation charge, labor contract authentication charge, temporary occupying road charge, urban house refuse treatment charge, road digging & restoring charge, anti-epidemic and disease prevention charge is all free of charge apart from the expenses publicly collected by the state, Xinjiang autonomous region and Urumqi.

2. Deputy service is offered to key projects.

For large-scale projects about to settle in the zone, specialists are assigned by the zone to track and service through the whole procedure that will assist in crucial links and timely solve problems to speed up the final settlement of the projects.

3. "One hall" work formalities provides convenience for enterprises

20 work windows are set up in the main hall, covering 9 divisions of investment promotion bureau, bureau of land planning & housing property, bureau of construction & environmental protection, bureau of industry development, finance bureau, labor & personnel bureau, office of comprehensive treatment to public security & public affairs management, e-government consultation center and industry & commerce administrative bureau. The broad and bright hall is well organized by placing low counters for easier communication, and equipping kinds of user-friendly facilities to aid the visitors. The announcement concerning content of examination & approval, formality procedures, charge policy & standard, time limit are open to the public for better supervision. The items of examination & approval are all handled via e-government system to heighten the efficiency. All the conduct is under supervision of discipline inspection division and the internal organs are governed strictly in accordance

with Management System of Combined Office Hall of Urumqi High and New Technology Industry Development Zone. “One hall” office work fully reflects the open, transparent, convenient, and efficient characteristics.

4. Pioneer service center of the zone is set up for graduates returned from overseas to start their own business.

High & New-tech Innovation Service Center of Urumqi high and new technology industry development zone is authenticated by Ministry of Science and Technology of the People’s Republic of China as the national high & new-tech innovation service center. The center sticks to the aim of “developing high technology, realizing industrialization”, constructs the incubation bases, improves the service functions according to the standard of the national high & new-tech innovation service center. With Urumqi Overseas Graduates Returnees Innovation Park as its base, the center makes greater efforts to introduce researchers and intellectuals, actively creating ever better soft and hard environments for in-zone enterprises. It aims at cultivating more and more high and new technology enterprises and contributing to the successful transfer of scientific & technological achievements, the prosperity of local economy as well as more job opportunities.

In addition to the elementary services of office, scientific research, production, business location to the enterprises, the center also provides services of research & production, policy & financing, market information and personnel records.

5. Website of Urumqi high and new technology industry development zone offers comprehensive e-government service to enterprises

E-government office system of Urumqi high and new technology industry development zone starts to operate in July, 2004. The system enables a 7×24 full day

service for online application, examination and approval to enterprises, no longer constrained by time, space and division of departments. The announcement system of government affair and dynamic information publicizes the content of examination & approval, formality procedures, charge policy & standard, commitment limit to the service targets, ensuring the transparency of government service. The website also offers enterprises free information of trade & investment promotion, technical cooperation programs and talent exchange, provides free VIP enterprise email box and announces their trade information free of charge. The information requirements of enterprises will be satisfied to the website's fullest capacity. The online complaint channel and supervision platform at the websites open a route for people's supervision. This system fastens the transformation of the management committee of the zone from management-oriented government to service-oriented government, and accelerates the construction of a "digital zone". At the same time, OA system is utilized for office automation without paperwork within the government, realizing the reorganization and optimization of organizational structure and workflow.

III. Conclusion

Development zone is a type of region in which special economic policies apply and a kind of economic activities take place. The set-up of development zones accelerates the opening-up movement of the nation and region's economy, and is admitted as an efficient way to promote economic development. The growth and progress of development zones represent the materialization of many-sided forces and are comprehensively determined by these forces. The pilot area for reform and opening-up policies and the new growth focus for economic development, development zones are confronted with new opportunities, new challenges and more severe tests in

the new century. It has been one of the focuses in the full glare of Chinese government and the whole society whether development zones are able to “create new advantages, scale new heights”. At the same time, development zones are continuously innovating and practicing, in the hope of giving rise to more update research and exploration findings in this regard in the future.

Thank you all!