



# Values and Vision: Perspectives on Philanthropy in 21st-Century China

## Citation

Johnson, Paula D., and Tony Saich. "Values and vision: Perspectives on philanthropy in 21st-century China." Ash Center Policy Briefs Series, Harvard University, Cambridge, MA, 2016.

## Published Version

<https://ash.harvard.edu/ash-publications>

## Permanent link

<http://nrs.harvard.edu/urn-3:HUL.InstRepos:42372463>

## Terms of Use

This article was downloaded from Harvard University's DASH repository, and is made available under the terms and conditions applicable to Other Posted Material, as set forth at <http://nrs.harvard.edu/urn-3:HUL.InstRepos:dash.current.terms-of-use#LAA>

## Share Your Story

The Harvard community has made this article openly available.  
Please share how this access benefits you. [Submit a story](#).

[Accessibility](#)



HARVARD Kennedy School

**ASH CENTER**

for Democratic Governance  
and Innovation

# **Values and Vision:** **Perspectives on Philanthropy** **in 21<sup>st</sup> Century China**

Paula D. Johnson

Tony Saich

“A man of humanity is one who, in seeking to establish himself, finds a foothold for others, and who, in desiring to attain himself, helps others to attain.”

Confucius

# Contents

<b>Executive Summary</b>	6
<b>The Philanthropic Sector in China: Historical, Economic, and Policy Context</b>	10
<b>Philanthropic Motivations and Influences</b>	16
<b>Philanthropic Priorities and Purposes</b>	21
<b>Philanthropic Trends and Developments</b>	30
<b>Looking Ahead: Challenges and Opportunities for the Further Development of Philanthropy in China</b>	36

This report was researched and authored at the Ash Center for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government.

**Authors:** Paula D. Johnson  
Tony Saich

**Contributors:** Christine Fandrich  
Christine W. Letts

**Harvard Contact:** The Ash Center for Democratic Governance and Innovation  
Harvard University  
124 Mount Auburn Street  
Cambridge, MA 02138  
USA  
email: paula\_johnson@hks.harvard.edu

**About the Ash Center**

This Roy and Lila Ash Center advances excellence and innovation in governance and public policy through research, education, and public discussion. The Harvard Kennedy School maintains an abiding commitment to advancing the public interest by training skilled, enlightened leaders and solving public problems through world-class scholarship and active engagement with practitioners and decision makers.

**This study was made possible by the generous financial support provided by UBS.**

The views expressed in this report are those of the authors and do not necessarily reflect those of the Ash Center, the John F. Kennedy School of Government, or Harvard University. These views may or may not be aligned with those of UBS and its Chief Investment Office.

**Copyrights:** Gallerystock: pages 23/24, 27, 29  
Gettyimages: pages 5, 9, 13/14, 15, 20, 25, 32, 34, 35, 39

# Acknowledgements

The study team would like to express its profound gratitude to the philanthropists who met with us, and whose participation and insights made this study possible. These individuals demonstrate both deep generosity and commitment to their charitable endeavors, and we are deeply grateful to them for their willingness to share their philanthropic experiences and views on the role of giving in China. Out of respect for privacy, we have not identified some of the individuals with whom we met and spoke.

We also acknowledge and thank the country experts and professionals who shared invaluable insights on the practice of philanthropy in China. Many of these individuals and their organizations are at the forefront of developing the Chinese philanthropic sector, and their leadership is critical to the sector's growth, development and impact.

We are particularly grateful to our colleagues at the Institute for Philanthropy at Tsinghua University, who provided valuable guidance in both the development and execution of this research. The Institute for Philanthropy was founded to strengthen research on philanthropy, develop philanthropy as a distinct discipline, and to build an effective system by which to nurture future leaders and innovators in the philanthropic field in China.

Finally, the study team extends its deep appreciation to UBS for providing the generous financial support that made this study possible, and particularly acknowledges Christina Tung, Susan Sy, Jennifer Siu, Silvia Bastante de Unverhau, and Anna-Marie Harling.

1.37  
billion **Population**

11  
**GDP** USD 11 trillion

6.9%  
**GDP growth rate**

8,027  
**GDP per capita**  
USD 8,027.70

14,450  
**GDP per capita, PPP**  
(current international USD)  
USD 14,450.20

42.2  
**Gini index** 42.2 (2012)  
(Gini index according  
to National Bureau of  
Statistics of China,  
2014: 46.9)

0.727  
UNDP Human Develop-  
ment Index<sup>1</sup> 0.727 (2014)  
(90th of 188 countries)

62.10  
**Social Progress Index**  
(Social Progress  
Imperative)<sup>2</sup> 62.10 (2016)  
(84th of 133 countries)

3.10  
**Poverty headcount**  
**ratio** at USD 3.10/day  
11.1% (2013)

4.7%  
**Unemployment** total (of  
total labor force, national  
estimate) 4.7% (2014)

All data is from 2015  
from the World Bank,  
unless otherwise noted.

<sup>1</sup>Footnotes see page 40

# Executive Summary

The reforms in China's commercial and financial markets initiated in 1978 have resulted in enormous economic gains for the country, considerable social progress for a large part of its citizenry, and remarkable accumulation of private wealth for a small number of individuals. Increasingly, these wealthy individuals are converting a portion of their private wealth to philanthropic capital and deploying it to contribute to the betterment of society and the nation's development.

*Values and Vision: Perspectives on Philanthropy in 21st Century China* is an exploratory study of philanthropic giving among China's very wealthy citizens. Recognizing the increasing number of successful entrepreneurs engaged in philanthropic activity in China, the study explores the economic and policy contexts in which this philanthropy is evolving; the philanthropic motivations, aspirations and priorities of some of the country's most engaged philanthropists; and the challenges and opportunities for increasing philanthropic engagement and impact in China.

Philanthropy in China today is in a state of expansion, experimentation and evolution. Its origins and the charitable motivations of the country's new philanthropists are deeply rooted in traditional Chinese values, yet at the same time there is a readiness to borrow from Western philanthropic practices and strategies. Private philanthropic investments are focused on an array of issues, with education being a high priority. A number of exciting new philanthropic initiatives build on China's remarkable accomplishments in technology-based innovations. The new 2016 Charity Law is a milestone in providing more legitimacy to the philanthropic sector and encourages its growth, consistent with government priorities.

Notwithstanding these encouraging trends, there are challenges to the further expansion of philanthropy among China's wealth holders. Public skepticism and suspicion of the philanthropic sector – and the private wealth on which it is built – is high. A lack of transparency has contributed to this lack of trust. In addition, there are many questions regarding the implementation of the new Charity Law. Moreover, the talent and institutional capacity needed to lead the sector forward will, understandably, take some time to evolve. These and other challenges will need to be addressed if the potential of philanthropy in China is to be truly realized.

While this study focuses on giving among China's most wealthy citizens, it is important to acknowledge that this segment of philanthropy is developing within the evolution of a much broader philanthropic ecosystem that promotes and facilitates charitable giving in the general population. Philanthropy in China is viewed by many as an activity in which almost everyone can, and should, engage.

*Values and Vision: Perspectives on Philanthropy in 21st Century China* aims to advance the understanding – and ultimately the practice and impact – of philanthropy in mainland China by improving knowledge about these important actors and their philanthropic initiatives. The research comprised interviews with 30+ wealth holders, 15 experts in the field of Chinese philanthropy, and staff at several Chinese foundations. It is important to underscore that the study was not designed to provide a comprehensive picture of philanthropy among China's wealthy elite; interviewees in this study should not necessarily be assumed to represent the larger cohort of Chinese wealth holders. That said, we hope the study paints a useful portrait of the generosity, ambition and innovation of some of the country's wealthiest philanthropists and that it might spark both further research and increased philanthropic engagement. Some of the key learnings from the study are summarized on the next pages.



# Executive Summary

See page 16

## Philanthropic Motivations and Influences

### **Philanthropic motivations largely reflect internal values.**

They include the desire to contribute to a harmonious society, create individual happiness and fulfill a human obligation to help others. Personal motivations reflect traditional Chinese values and teachings (e.g., harmony and helping others) and many interviewees see philanthropy as a moral code for all, not only the wealthy. Philanthropy is also a practice of gratitude and giving back, especially as many are first generation entrepreneurs and wealth holders, and many of the interviewees experienced poverty first hand in their early years. Among those interviewed, family motivations for giving are less important. For many, the focus of giving is on the act itself; outcomes are secondary.

### **External motivations for philanthropy include national aspirations, global philanthropic practices and government encouragement.**

Interviewees expressed an ambition for China to grow in 'soft power' through philanthropy. Global philanthropic practices, particularly those of the United States, have provided examples and role models for some interviewees who seek to adopt best practices and imprint them with a Chinese character. At times, the government can have a strong influence - for example encouraging wealthy donors to assist in addressing certain social development needs.

See page 21

## Philanthropic Priorities and Purposes

### **Education is the top priority, and educational philanthropy is diverse.**

Education is the top area of philanthropic focus for most interviewees, and much of this philanthropy is aimed at creating opportunity and promoting equality, benefiting mainly China's rural and poor provinces. Others are engaged in institution-building at their own alma maters and at other schools and universities. In addition, several have created educational prizes and scholarships to reward academic excellence and promote education research.

### **Employment readiness and job creation to fight poverty.**

Some philanthropists support job readiness/creation as a means to help people lift themselves out of lives of poverty and start down the path towards self-sufficiency, highlighting the belief that by helping to address poverty one can create lasting change.

### **Focus on health and wellbeing as long-term solutions.**

Several interviewees seek to bring about improved health outcomes and ensure adequate healthcare to people in need. There is an emphasis on health interventions that develop long-term solutions, as opposed to grants and gifts to alleviate immediate suffering.

**Devotion to arts and culture.** While few in number, some interviewees who are devoted to arts and culture noted the need to preserve China's rich cultural heritage, to promote the developing contemporary art field, and to bring Chinese art to a global audience. Some saw these engagements as a way to solve social problems and encourage international artistic exchange.

### **Support for the environment is limited; natural disasters boost charitable engagement.**

Although environmental concerns have gained increasing public attention in China, environmental philanthropy is limited. A few interviewees support environmental protection and green initiatives through their corporations and foundations, and one noted that supporting the environment was akin to supporting social harmony. Natural disasters, as in many countries, have been a catalyst for giving in China.

See page 30

## Philanthropic Trends and Developments

### **Giving is increasing and becoming more institutionalized.**

Donations from the top 100 philanthropists in mainland China more than tripled between 2010 and 2016, from USD 1.3 billion to USD 4.6 billion. Notably, of the 200 wealthiest individuals in China, 46 have foundations. Moreover, a full two-thirds of individuals interviewed for the study had established or were planning to establish foundations.

### **New technologies are encouraging philanthropic activity.**

In China, technology is being used in innovative ways to increase philanthropic engagement within the broad population as well as among the wealthy. Several internet platforms are encouraging and supporting universal giving, and technology is being used to enhance programmatic goals, develop trust through transparency, and connect philanthropic stakeholders.

**Growing infrastructure to support giving.** There is a growing ecosystem to encourage, develop and professionalize philanthropy in China. At least four academic-based research centers as well as a new global training center in China focus on philanthropy, and several organizations are promoting transparency and knowledge of the philanthropic sector. In addition, a growing number of awards that recognize generous philanthropists across the country is increasing the visibility of philanthropy in China.

See page 36

## Looking Ahead

**Developing trust in the charity sector.** China's philanthropic sector suffers from a lack of transparency and accountability; as a consequence there is a lack of confidence in organizations and institutions. Although the practice is increasing, few organizations publish public reports, and the goals and mechanisms of many foundations are often unclear. Encouragingly, the 2016 Charity Law demands more public information from the sector, and recent efforts by several Chinese organizations are helping to build trust and transparency.

### **Continuing to improve the policy and tax environment.**

While the 2016 Charity Law has addressed several important challenges to the development of the philanthropic sector, further clarification and regulations are needed on issues that include tax benefits, mechanisms to promote accountability, management of charitable trusts and allowable administrative costs. Tax incentives are limited in scope and difficult to claim, and foundation investment policies need to be further defined.

**Building talent and capacity.** The charitable sector in China faces significant human resource challenges, including the lack of experienced talent, especially as the cap on administrative costs discourages individuals from working in the non-profit sector. More favorable policies in this area could increase the capacity and impact of charitable organizations and help to develop trust in the sector.

**Changing perceptions of wealth and giving.** Attitudes toward private wealth and highly visible philanthropy in China are complex; several interviewees noted that private wealth may be viewed with skepticism by some, thus posing a disincentive to give.

### **China has a long tradition of philanthropy and there is widespread optimism that it will grow and increase in impact.**

China's continued economic growth and private wealth accumulation, coupled with traditional Chinese values of generosity and giving back, provide a solid foundation for increased philanthropic activity. China's wealth holders are giving more, and more visibly, and policies and institutions to support philanthropy continue to take shape. Philanthropists interviewed for this study have bold visions for the size, scale, and impact of the sector, and for a unique and vibrant Chinese philanthropy in the 21st century.

“To help those who are suffering difficulties and to have sympathy for our neighbors, this is following the Dao. Those who follow the Dao will be blessed.”

Anonymous, ancient China



The notion of charity is deeply embedded in the ethical premises of Confucianism, Buddhism, and Daoism.

# The Philanthropic Sector in China: Historical, Economic and Policy Context

## Historical Precedents for China's New Philanthropy

The relatively modest level of giving in modern-day China is something of an anomaly in China's long history. The notion of charity is deeply embedded in the ethical premises of Confucianism, Buddhism and Daoism, creating a strong sense of moral obligation of giving to help others in China prior to the secularization that accompanied the revolution of 1949. Over many centuries charitable giving in China established firm roots and characteristics. Under the various pre-1911 dynasties and in Republican China (1911-1949), local communities gave through temples or place-based associations to build schools, orphanages and hospitals; to provide assistance during famine or natural disasters; and, given the cultural importance of ancestor veneration and the afterlife, to help families who could not afford the cost of burial. The emphasis was on community and clan-based giving to help the most needy. From the Song dynasty (960-1279) until the end of dynastic rule, local county magistrates also provided charity to the destitute and impoverished, including the operation of poorhouses and subsidization of burial costs. During the Ming Dynasty (1368-1644), quasi-private foundations supported by local elites, called "benevolent societies," emerged and provided support for similar beneficiaries and to address similar concerns. An important shift occurred in the 19th century with the arrival of foreign philanthropies in China, initially linked to the work of missionaries. Much of the work of these foreign organizations was focused on healthcare and the building of "modern" hospitals to introduce "scientific" Western medicine to China.

Important to the understanding of modern Chinese philanthropy is that in pre-modern China little distinction was made between charity (seen as the need to provide immediate relief to those in need or at times of crisis) and philanthropy (giving that is aimed at bringing about a more sustained, systematic improvement of public life). By these definitions the lion's share of giving was clearly charitable. Moreover, given that charity was something that would be given to those unable to help themselves, a negative view was often held of those who received such aid. These charitable legacies persist in current Chinese philanthropy.

Thus, on the eve of the Communists' coming to power in 1949, China enjoyed a lively and pluralistic philanthropic environment. This came to an end when the Chinese Communist Party (CCP) took power. The new regime held the view that it was the obligation of the state to provide all necessary services and support for individuals in need; not to do so would be regarded as a failure of the state. Consequently, private philanthropic initiatives

and nongovernmental associations (NGOs) were shut down and foreign philanthropies were told to leave China. Philanthropy in China stagnated for the next 30 years.

## Economic Growth and Private Wealth

Since the introduction of market reforms in 1978, China has experienced rapid economic development, achieved significant social gains and become an influential actor in the global economy. The country's GDP growth has averaged almost 10% per annum over the last 35 years – the most rapid continuous expansion by a major economy in history. The broad economic progress has lifted more than 800 million people out of poverty, and China had achieved all of the Millennium Development Goals by 2015.

One of the most striking features of China's development since the turn of the century has been the rise of private wealth. Despite the tremendous economic growth of the 1980s and 1990s, private individuals captured little of this prosperity. This began to change in the new century with the creation of private fortunes. *Hurun's Global Rich List 2016* estimated that in 2016 China had 568 billionaires with a combined net worth of RMB 9.7 trillion (USD 1.4 trillion), ranking it first in the world for the number of billionaires.<sup>3</sup> In 2015 alone, China's billionaire population grew by 38% and growth is expected to continue.<sup>4</sup> In addition to the billionaire population, in 2016 China was home to 1.6 million millionaires.<sup>5</sup> One estimate suggests that by 2015, investable assets of Chinese high net worth individuals had reached RMB 32 trillion (USD 4.6 trillion).<sup>6</sup> By 2020, another one million millionaires are expected to emerge.<sup>7</sup>

The level of philanthropy in China is not fully known. It is likely that much giving is done informally and/or anonymously and not captured in the existing data. However, in part because of factors such as unclear regulations and lack of transparency and trust in charitable organizations, it appears that the growth of philanthropy has not kept pace with the growth of private wealth. While philanthropy in China holds much promise, its potential is largely untapped. A May 2016 report from the United Nations Development Program (UNDP) found that total charitable giving in China is just 4% of US or European levels.<sup>8</sup> This situation looks set to change.

## Growth of the Modern Philanthropic Sector

With the country's economic reforms China's philanthropic landscape began to revive, admittedly slowly and cautiously at first. The historical philanthropic legacies described above formed the foundation for the revival. Building on these traditions,

three key factors have contributed to the development of today's modern philanthropic sector. First, as described above, is the remarkable expansion of private wealth that escalated once China entered the World Trade Organization in 2001. This has led not only to a sharp rise in the number of the extremely wealthy, but also to the rapid expansion of the middle class, members of which are exhibiting important interest in charitable causes. While private wealth alone is not a sufficient prerequisite for a robust philanthropic sector, it is an important ingredient, and it provides the foundation for a potentially explosive growth in philanthropy in China.

However, notably, the distribution of wealth remains highly concentrated, and China has been transformed from one of the more equal societies in Asia to one of the most unequal. A 2015 study by Peking University calculated that the richest 1% of the population own fully one-third of China's wealth, while the poorest 25% own just 1%.<sup>9</sup> The Gini coefficient, an indicator of income inequality, has risen from 0.276 in the mid-eighties to 0.469 by 2015,<sup>10</sup> with some estimates even higher. The concentration of China's economic development and personal wealth in the East has also created regional inequality. This considerable inequality has motivated some of the very wealthy to apply at least some of their philanthropy to the promotion of greater equality and opportunity.

A second critical factor in the development of the modern philanthropic sector is the Chinese government's significant shift in attitude regarding the provision of social services. The post-Mao Zedong administrations seemed unaware that their policies to disband the rural collectives were leaving hundreds of millions of citizens vulnerable to health challenges, declining education standards, and natural disasters. It took a decade or more after instituting economic reforms for the Chinese leadership to realize that the market alone could not provide solutions to such challenges. Nor did the government have the capacity or the financial resources to meet all the country's social needs; alternative vehicles for the provision of services would be necessary to supplement the work of government agencies. The government also recognized that there were certain communities – such as commercial sex workers and people living with HIV/AIDS – that were difficult, if not impossible, for official agencies to reach. In addition, the government wished to turn public service units – such as hospitals, scientific research organizations and museums – into not-for-profit organizations, and wanted to open new channels of funding for them, including public donations, to avoid their collapse and the attendant unemployment that would result.

The third factor in the sector's expansion is the rapid rise of non-governmental organizations (NGOs). At the start of 2016, there were 662,000 social organizations formally registered with the Ministry of Civil Affairs, with perhaps another three million unregistered organizations. Most of these are local organizations working on issues of health, education or poverty alleviation. Of

those registered, around half are called "social groups," which correspond most closely to the Western definition of an NGO; almost one half comprises private non-enterprise units (including the public service units); and approximately 5,000 are foundations. This growth has provided both entities that can receive philanthropic giving and also those that can provide support. In 2015, non-governmental organizations received RMB 61.03 billion (USD 9.1 billion) in donations.<sup>11</sup>

While reported philanthropic contributions are still comparatively low, amounting to only 0.16% of China's 2014 GDP, philanthropy is developing rapidly and China now has a full range of philanthropic mechanisms. Private foundations only became permissible after the promulgation of sweeping new regulations in 2004, and their numbers quickly surged. In 2014, 2,737 of the 4,211 foundations in China were private.<sup>12</sup> Between 2009 and 2014, recorded donations have increased by 66% to a total of USD 16.40 billion.<sup>13</sup> According to Hurun's Philanthropy Report, in 2014 China's top 100 philanthropists contributed USD 3.18 billion to support causes in education (44%), social causes (26%), poverty alleviation (9%) and disaster relief (5%).<sup>14</sup>

### **Government Oversight and Regulation**

The relatively rapid development of the philanthropic sector during the first part of the 21st century meant that legislation on the books was quickly outdated and overtaken by developments on the ground. The regulations on the Registration and Management of Social Organizations and the Interim Regulations on the Registration and Management of Civil non-Enterprise Institutions were issued by the State Council in 1998, before this century's economic boom, private wealth accumulation and emergence of a modern philanthropic landscape. The regulations did not relate to philanthropic giving directly but provided a framework for the organizations that might receive charitable funding and carry out philanthropic projects. In addition, the Public Donations Welfare Law (1999), which provided tax benefits and included other key provisions addressing charitable giving, was confusing and not adequate to the challenge. The law proved to be extremely restrictive in how it addressed fundraising, excluding most Chinese foundations and social organizations. The later 2004 Regulations on the Management of Foundations created challenging thresholds for foundation capitalization and expenditure levels, and strict controls on registration with the Ministry of Civil Affairs.

No philanthropy-related policy changes of any consequence were enacted or promulgated between 2004 and 2016, when the government introduced the Foreign NGO Law and the Charity Law.<sup>15</sup> The Charity Law moved strongly to address some of the issues hindering the philanthropic sector's development – including issues of trust and public confidence, the lack of transparency in the sector and the insufficiency and ambiguity of policies and regulations to promote effectively philanthropic giving. While it is too early to know its impact, the new framework may well encourage greater giving.

### The 2016 Charity Law

The Charity Law, discussed and debated for more than ten years and adopted in September 2016, provides a landmark framework for the charitable sector, but lacks specifics regarding its execution. Over time, it is expected that the new law will be supplemented by implementing guidelines and supporting legislation in related areas, e.g., the tax code. With the new law, a much clearer picture is emerging of how the CCP is hoping to encourage the application of at least some of China's new wealth to address social challenges. The intention of the new legislation is to regulate better the sector and encourage more giving by the wealthy to sectors prioritized by the Chinese government, while restricting giving to non-priority issues. Broadly speaking, the new framework provides a more favorable environment for Chinese philanthropies to register and work, but tightens oversight and enhances party control.

On the positive side, the new law provides a broad definition of allowable charitable activities and recognizes a wide number of organizations, including foundations, social groups, social service organizations and "other forms of organizations." At the same time, the areas for which support is encouraged is limited to government priorities such as poverty relief, care for the elderly and orphans, disaster relief, and the promotion of education, science, culture and sports, while restricting giving to areas such as advocacy work.

The new law addresses a number of key policy issues, including, perhaps most importantly, the process of "dual registration" (under the former system all organizations were obliged to find an authorized agency that would take responsibility for them in terms of reporting, financial affairs and activities, and then register with the Ministry of Civil Affairs) and public fundraising by private foundations and social organizations. Additional issues include guidelines for foundations' administrative costs and annual expenditures; donors' ability to monitor the use of their funds; increased transparency through government regulation and/or self-monitoring by the business sector; the legality of charitable trusts; and levels and the management of tax incentives and exemptions and incentives.

The new law also provides a single regime for the management of charitable organizations. Organizations deemed reliable will no longer have to go through a process of dual registration, rather they can apply to register directly with the relevant bureau of Civil Affairs. Those considered reliable will engage in "charitable activities that represent the core values of socialism and promote the traditional morals of the Chinese nation (Article 5)." In addition, the law newly allows public fundraising by private foundations, although it will be controlled by the need to acquire a license (groups that engage in fundraising without a license will be subject to a fine equal to USD 30,000), and stipulates that any organization that engages in public fundraising must be registered for two years before being eligible to apply for a license (Article 22). Restrictions on foundation expenditures are retained in the new law; administrative costs are not allowed to exceed 10% of overall expenditures in any given year. For those foundations that are permitted to fundraise total annual expenditures should amount to at least 70% of total revenue of the previous year or of the average revenue of the previous three years (Article 60). This requirement is intended to prevent organizations from growing too large.

Further, the law gives donors the right to "inquire about and photocopy information on the management and use of their donated properties" (Article 42). To boost further transparency it also promotes public reporting and disclosure obligations; e.g., in addition to required annual and financial reports it calls for annual reports on fundraising, donations received, management and use of charitable assets, and details on the salary and benefits of staff (Article 13). The law also makes it easier to establish charitable trusts, referred to as "public interest" trusts, whereby the principal can entrust his/her property to a trustee to manage for charitable purposes (Article 44).

Finally, while the law codifies tax incentives to some extent, it does not clearly specify how such incentives will work. Details will presumably be forthcoming. Corporations can deduct up to 12% of annual taxable income, and if donations exceed that ceiling they can be deducted from taxable income over three years (Article 80).

[Approved organizations] will engage in "charitable activities that represent the core values of socialism and promote the traditional morals of the Chinese nation."

2016 Charity Law, Article 5

While the legislative/regulatory changes described above together represent an important step towards reforming China's philanthropic landscape, more needs to be done. For example, organizations ostensibly serving some public purpose will still have to be declared eligible to receive tax deductible donations, a status not easily obtained in the past.

### **Government Engagement and Influence**

In addition to its control of the sector through formal policies and regulations, the government influences China's philanthropic sector in other, less direct ways.

The government and the Communist Party are deeply involved in shaping wealth creation and charitable giving in China. The government has historically influenced the destination of the public's charitable contributions, although this may change some in the wake of the enactment of the 2016 Charity Law. The 2004 Regulations on the Management of Foundations established two categories of foundations: *Fei Gong Mu Ji Jin Hui*, commonly referred to as "private foundations," which are not allowed to raise funds publicly, and *Gong Mu Ji Jin Hui*, referred to as "public foundations," which can raise funds publicly. Most public foundations were established in the 1980s and 1990s, generally with government support, and indeed are referred to as Government-Organized NGOs (GONGOs). GONGOS, such as the Red Cross of China, the China Charity Federation or the All-China Women's Federation, tend to receive the lion's share of funding from donors and the state. A 2015 UNDP report estimated that approximately 59% of charitable giving in China in 2013 went to the government or its affiliated charity organizations, including the China Charity Federation (34%), Civil Affairs Bureaus (14%) and other government and public institutions (11%).<sup>16</sup> Moreover, around 95% of these public foundations operate their own programs, with very few providing grants to private NGOs, thus further concentrating the focus of funding.<sup>17</sup> The CCP maintains close oversight via regulations that provide that if an organization has more than three party members, a "party group" must be established within the organization.

A further area of government influence over philanthropic giving is through state-owned enterprises that can be directed to provide support to certain causes or organizations. Corporate philanthropy has traditionally dominated charitable giving in China; almost 70% of donations are given by corporations, with only around 20% coming from individuals and 10% from philanthropic organizations. Of the corporate donations, 50% is provided by private enterprises, closely followed by foreign enterprises.<sup>18</sup> While levels of giving from state-owned enterprises are unknown, it certainly represents a small percentage of total corporate giving.









Harmony has been called the  
'cardinal cultural value in Chinese society'.

# Philanthropic Motivations and Influences

Philanthropic giving in China, as throughout the world, is a highly personal undertaking. The propensity to give, the priorities selected, and the practices utilized reflect personal beliefs, individual and family values, and internalized cultural traditions. At the same time, philanthropic activity can be influenced by external factors, such as corporate goals, government priorities, and public expectations.

The individuals interviewed for this study strongly emphasized the internal motivations that inspire and shape their giving, prominent among which are notions of a harmonious society, individual happiness, and a fundamental human obligation to help others. While these influences are interconnected and closely linked to additional cultural and religious motivations, some of the principal motivators are discussed individually below. It is noteworthy that the internal motivations are not necessarily predicated on tangible outcomes or measurable results but are rather centered on the act itself. If this emphasis on the act rather than the outcome holds true for wealth holders generally in China, it may have a significant influence on the practice and impact of Chinese philanthropy.

## Internal Motivations

### A Desire to Create a Harmonious Society

Interviewees in the study spoke of a deep desire to contribute to the development of a harmonious society. Harmony is a central concept in traditional Chinese philosophy, found particularly in the tenets of Confucianism, but also in Daoism and Buddhism. It has been called the ‘cardinal cultural value in Chinese society’.<sup>19</sup> A complex concept, the notion of a harmonious society embraces ideas such as: 1) all sectors or essential constituents should be in a state of cooperation; 2) all members do what they can to contribute to society; 3) equal opportunity and social mobility should exist between social classes; and 4) individual harmony emanates from within, allowing the individual to relate better to others.<sup>20</sup> Moreover, in China the concept of a harmonious society is also a political philosophy. Beginning around 2004, the government promoted social harmony, or a “socialist harmonious society,” as the dominant socioeconomic vision of China.<sup>21</sup> It is possible that interviewees’ emphasis on creating harmony reflects the government’s emphasis, and that the concept has become internalized.

## Philanthropic Motivations and Influences

### Internal

- A desire to create a more harmonious society
- A pathway to personal happiness
- An expression of religious and secular values
- An expression of gratitude and giving back
- A human obligation
- A family value

### External

- National aspirations and China’s ‘soft power’
- The influence of global practices
- The influence of government
- The role of personal aspirations

## Creating a Harmonious Society

“The ultimate goal of our endeavors is to achieve a harmonious society.” *Cho Tak Wong*

“There have been so many technological advances nowadays but there is still so much conflict in different parts of the world. I hope I can help to change the atmosphere and make the world more harmonious.” *Lui Che Woo*

“Philanthropy can help spread love, build a harmonious society and help us to achieve the things we all dream of.” *Wang Yan*

“The goal [of my philanthropy] is to make society more harmonious; to do things that are good for society and make it better.” *Pang Shengdong*

Cho Tak Wong is chairman of Fuyao Glass Industry Group Co. Ltd., founder of the Heren Philanthropic Foundation, and one of China’s most generous philanthropists; he has donated roughly USD 1.3 billion over time. Cho Tak Wong explains: “The ultimate goal of our endeavors is to achieve a harmonious society.” Similarly, Wang Yan, founder and CEO of FD, offered that, “Philanthropy can help spread love, build a harmonious society, and help us to achieve the things we all dream of.” Pang Shengdong, Founder of Shanghai 2345 Network Technology Co., Ltd., also echoed this sentiment, emphasizing that, “The goal [of my philanthropy] is to make society more harmonious; to do things that are good for society and make it better.”

Social harmony has also inspired the missions of several foundations. For example, the goal of a harmonious society underlies a significant new global accolade, the Lui Che Woo Prize – Prize for World Civilisation. Established in 2015 by Lui Che Woo, Chairman of K. Wah Group and Galaxy Entertainment Group Limited, the Lui Che Woo Prize comprises three annual awards of approximately USD 2.6 million each that recognize individuals/organizations who have unconditionally promoted world civilization through contributions to the sustainable development of the world, the betterment of the welfare of mankind, and “the promotion of positive life attitude and enhancement of positive energy.”<sup>22</sup>

Tencent co-founder Chen Yidan – and founder of the Tencent Foundation, the Chen Yidan Foundation, and the Yidan Prize Foundation – said that his vision for his foundations is to promote a society that is “filled with goodwill and trust.” In 2008 Lu Dezhi (formerly of Tehua Investment Holding Co., Ltd.), Li Guangrong and Tehua Investment Holdings Co., Ltd. established the Huamin Charity Foundation with RMB 200 million<sup>23</sup> (USD 30 million) with a mission “to promote the harmonious development of society.”<sup>24</sup> Similarly, Li Jinyuan, founder, chairman and CEO of Tiens Group, founded the Tianshi Meijing International Love and Care Foundation Limited to contribute to the “harmonious development of international society.”

## A Pathway to Personal Happiness and Fulfillment

While traditional Chinese philosophies emphasize the ‘harmony of the society’ over the ‘happiness of the individual’, many philanthropists in this study referenced the role of personal happiness within a harmonious society and described how giving increases individual happiness and fulfillment for both the giver and the recipient. Niu Gensheng, the founder of Mengniu Dairy and Lao Niu Foundation, explained how during a very difficult childhood marked by desperate poverty and abandonment, he learned both the ‘joy of giving’ and the ‘warmth of being given to’ and that as an adult he believes profoundly in the relationship between giving, receiving and group cohesion. Mao Jihong, founder and president of Mixmind Art and Design Co. and founder and president of the Mao Jihong Arts Foundation, elaborated: “For me, giving is happiness. Both the act of giving and the result of my giving brings me happiness.” And Chong Han, CEO and chairman of Global Wings Aviation Holding Co., Limited, whose family is planning to create a new foundation, said it will be named ‘Happy Family’ because, “It will always remind us and hopefully others of the importance of having a happy and healthy family.”

## An Expression of Traditional Values and Teachings

Several interviewees spoke of the influence of other religious values. While some noted it has historically been difficult to discuss religious beliefs, they believe there is increasing acceptance and openness around religious expression in China. As noted earlier, Buddhism, Confucianism and Daoism all encourage the practice of charity and service to others. Many interviewees cited teachings from Buddhism such as: *To give is better than to receive; too much money is a sin; and if you do good deeds, your descendants will be blessed.* Others noted similar teachings from Christianity and Confucianism. Others discussed the importance of longstanding secular and cultural values. For example, Mao Jihong talked about the Chinese emphasis on giving rather than receiving and another individual noted that in Chinese culture there is a tradition that, “If there is one brother in difficulty, others will come.”

## A Moral Code and Obligation for All

A number of those individuals interviewed for the study described their giving as motivated by a universal moral code. There was a repeated emphasis that philanthropy is not only an obligation of the wealthy and ultra-wealthy, but that every individual should give according to his/her means, the idea described in the second notion of a harmonious society above. This view is enshrined in philosophical and religious teachings, but is also considered part of the human DNA. Indeed, studies show that human beings may have an innate ‘compassionate instinct’ as adults’ and children’s first impulse is to help others. As some have suggested, this instinct may have ensured humanity’s survival over time.<sup>25</sup> Wang Yan explained, “Every citizen has the instinct and ability to engage in some kind of philanthropy. If you think of it in broad terms, including both monetary contributions and volunteering, everyone has something to give.” Wang Chien-shien, who speaks regularly to promote philanthropy, said he always emphasizes that compassion, love



“Wealth comes from society and should be given back to society.”

Zhao Weiguo

and philanthropy are the responsibilities of all. Likewise, Cho Tak Wong emphasized that it is important to do good things and help others, as this is a criterion for judging yourself and someone else – in this sense, his main motivation for giving to others is to be a good person.

#### **A Practice of Gratitude and Giving Back**

The vast majority of individuals interviewed for this study are entrepreneurs who have benefited enormously from the market reforms and globalization of the Chinese economy. There was an almost universal sense of gratitude for the personal gains and a commensurate desire and/or sense of obligation to give back to the society that had made their good-fortune possible.

Several described their early lives, before economic liberalization. For example, Lui Che Woo, now aged 87, described witnessing in his teens the Japanese occupation of Hong Kong and the killing, starvation, and profound suffering of many Chinese. He has “carried this in his heart” and always thought about how to make the world better and help others. Niu Gensheng’s early life experiences also influenced his charitable outlook. As a premature infant born to a poor family he was sold to adoptive parents who later died, leaving Niu Gensheng orphaned. He was bullied and discriminated against in school due to his family situation, and so he decided to share what little money he had with the other kids, transforming Niu Gensheng into the ‘kid king’ – it was at this moment when he learned the ‘joy of giving.’ Later on, due to the assistance from his factory manager, Niu Gensheng was provided with clothes and food for his wedding day – it was here that he learned ‘the warmth of being given to.’

Zhao Weiguo, chairman of Tsinghua Unigroup Co., Ltd., expanding on the sense of giving back, suggested that wealth does not belong to 1% of society but rather belongs to all of society. He believes that an individual should only consume a certain amount. He suggested that when a CEO no longer needs all of the corporate profit for the company, he should return the excess wealth to society: “Wealth comes from society and should be given back to society.” Ji Changqun, Executive Director, Chairman and CEO of Fullshare Holdings Ltd., put his thoughts thus: “If you gain, you have to give.”

In part, this commitment to social equality and the idea of sharing and giving back to society derives not only from moral considerations in traditional Chinese philosophy but also from the lived experience of socialism in China. Socialism in China has stressed the social obligations that an individual has to the community and also that individual desires should be integrated with the needs of the collective.

#### **An Important Family Value for Some**

Only a few interviewees mentioned family as a strong influence on their philanthropy. While other regional studies of philanthropy have emphasized the important role of family – including the motivations to create a family legacy, instill family values, and strengthen family bonds<sup>26</sup> – in this set of interviews these ideas were only infrequently mentioned. When asked specifically about the role of family, several interviewees said that while their families were supportive, they were not involved; their philanthropic decisions were entirely individual.

The above notwithstanding, a few interviewees emphasized the paramount importance of family in their philanthropic motivation and practices. Lu Dezhi is a vocal advocate of family philanthropy in both theory and practice. He described his own intentionality in passing on the value of philanthropy to the next generation and, more broadly, the view of how family foundations are an important tool to pass on a family’s values and culture and to bring honor to a family. Similarly, Vic Lee, founder and managing partner of VI Ventures, noted that philanthropy was a strong family value that he wanted to pass on to his son. Niu Gensheng emphasized the importance of family involvement in philanthropy; in addition to the Lao Niu Foundation, to which all family members are devoted, his children have recently established the Lao Niu Brother and Sister Philanthropic Foundation. And Chong Han talked about working closely with his father on some philanthropic decisions, citing this relationship as a key motivation for his giving.

It is important to note that the individuals profiled in this study are first generation wealth holders. It is possible that the role of family in philanthropy will become increasingly important as this generation ages and gives increasing thought to why and how wealth will be transferred to subsequent generations.

## External Motivations

### National Aspirations and China's 'Soft Power'

Chinese entrepreneurs are understandably proud of their country's economic gains over the last 15 years. Many are quite confident that this economic vitality will continue, ensuring China's place as a lasting world economic and political power. At the same time, several of the interviewees discussed their ambition for China to become equally strong in 'soft power' – less tangible areas such as philanthropy, culture, political values and foreign policies.<sup>27</sup> Wang Bing, founder of DTC Investment Management Beijing Limited and founder and board chairman of the Ai You Foundation, emphasized this divide and his aim to help address it: "China is strong in hard power, but behind by many decades in soft power." Ai You Foundation's focus on building the capacity of social organizations in China seeks to help develop this "soft strength." In a related vein, Wang Chien-shien underscored China's size and economic strength and shared his view that as China continues to become richer and stronger, some countries have perhaps become envious and fearful. He believes that if China demonstrates its strength in "compassion and love," such observers may become more comfortable with its world position.

### Global Practices Influence Giving

Some interviewees also pointed to the influence of Western philanthropic practices, particularly those in the United States, on charitable giving in China. Many of the new philanthropists are interested in effective giving strategies from beyond China's borders. Some are particularly intrigued by the great philanthropists of America's "gilded age," John D. Rockefeller's creation and funding of the Peking Union Medical College as but one example. Despite very different environments, they find parallels and lessons in the writings of these former philanthropists who have left legacies that exist well beyond their lifetimes. There is a similar fascination with the new technology philanthropists, Bill Gates and Mark Zuckerberg among them.

Gatherings to bring together Chinese and Western philanthropists to learn, exchange ideas, and foster collaboration between US and Chinese philanthropists are increasing. By way of example, the East-West Center has held two philanthropy summits (2014 and 2016) bringing together leading philanthropists from China and the United States, and a series of annual meetings of the CUSP (China and United States Strategic Philanthropy) for thought leaders, academics, foundation leaders and philanthropic experts. Similarly, the European Foundation Centre in partnership with the China Global Philanthropy Institute has offered several exchanges through the Philanthropic Leadership Platform.

While many Chinese philanthropists are keen to learn about philanthropic practices elsewhere, there is also a recognition that philanthropy in China must remain true to the traditional Chinese values cited above.

**"I hope we can learn from the charity experience in the United States and use that knowledge to promote the development of modern philanthropy with Chinese characteristics in China."**

Lu Dezhi


### The Influence of Government on Giving

As noted above, philanthropic giving in China may also be influenced by and focused on government priorities. As part of its China Philanthropy Project, in 2015 researchers at Harvard's Ash Center for Democratic Governance and Innovation released a database with information on China's 100 top philanthropists.<sup>28</sup> These 100 individuals accounted for approximately 25% of all giving in China (USD 3.8 billion), which amounted to 0.03% of GDP. The data analysis shows that among those 100 billionaires, more than 15% of their donations went to Beijing, even though many were from donors with corporate headquarters in other regions. Whether or not such giving is in part reflective of government priorities is purely speculative.

One specific example mentioned by several of those interviewed is government encouragement for entrepreneurs and corporations to support Hope Schools, an initiative that brings education to China's poorest areas, as described below, with the government sometimes providing matching funds.

### Personal Aspirations May Shape Some Philanthropy

Some observers, and a few of the interviewees, believe that some philanthropy in China (as throughout the world) is motivated, at least in part, by a desire to increase one's personal and/or professional standing on the global stage. Some suggested that philanthropy can be an effective channel for Chinese elite to expand their business influence and gain personal and professional recognition internationally.

A photograph capturing the silhouettes of several dancers performing on a rooftop or balcony. They are holding large, traditional red Chinese fans (shàn) that are partially open. The background features a hazy city skyline at sunset or sunrise, with various skyscrapers and architectural structures visible against a warm, golden light. The overall mood is serene and cultural.

China wants to become stronger in 'soft power' – less tangible areas such as philanthropy, culture, political values and foreign policies.

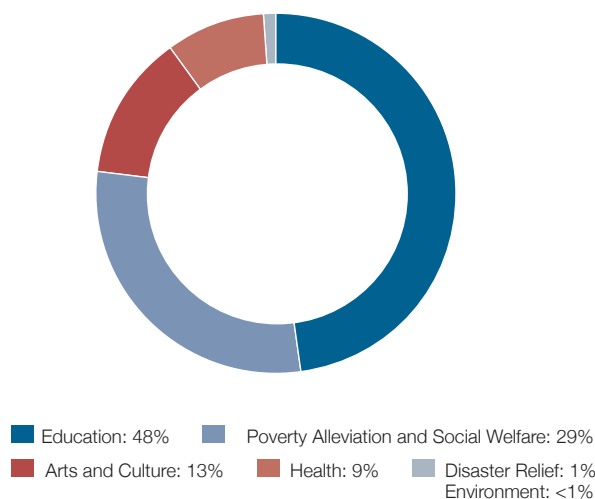
# Philanthropic Priorities and Purposes

Individuals participating in this study exhibit an impressive and inspiring range of philanthropic goals and purposes, addressing issues including education, health, poverty alleviation, the arts, the environment, and disaster relief. While the issues they address are diverse, (1) education is the top issue for most philanthropists in this study cohort; (2) respondents are quite focused, most often concentrating on a single issue; and (3) much of the philanthropy seeks to benefit disadvantaged populations, often leading to a focus in China's rural and poor provinces.

Other studies on philanthropy in China describe similar patterns. The Ash Center's China Philanthropy Project found that in 2015, 59 of the 100 top philanthropists supported education, and new and unpublished 2016 data shows that almost half of the philanthropists' aggregated giving supported education (48%), followed by poverty alleviation and social welfare (29%), arts and culture (13%), and health (9%). Disaster relief and the environment received approximately 1% each, although the former will vary greatly depending on the occurrence of natural or manmade disasters. The Hurun Research Institute's *Hurun Philanthropy List 2016*, a separately compiled list of Mainland China's 100 most generous individuals, showed similar priorities. Lu Dezhi explained, "Because the concept of philanthropy in China is relatively new, we need to maintain a focus on programs that assist the poor and disadvantaged. We need to focus on equality of education, poverty reduction, and social welfare." Du Jianying, founder and head of 3Js Investment, and founder and chairman of the Board of Trustees of Wahaha Bilingual School Hangzhou, offered a similar opinion, emphasizing, "Education and health are the two critical needs faced by people in China."

The tendency to focus on a single cause is also reflected by the Ash Center's China Philanthropy Project which found that in 2015 71 philanthropists supported a single cause, 21 donors supported two causes, seven gave to three issue areas, and only one philanthropist, Jack Ma, supported four different issues (education, environment, social welfare and disaster relief).<sup>29</sup> The Project suggested that single-cause giving may reflect a donor's expertise or knowledge, or a cause that strongly impacted his or her life. These interviews suggested that the single-cause focus of some Chinese philanthropists is intentional – a well-considered strategy for impact.

**Priorities of Chinese Philanthropists (2016)**



Source: China Philanthropy Project, Harvard Ash Center for Democratic Governance and Innovation

The studies paint a less consistent picture of geographical giving patterns. Among this study's interviewees, many indicated they were influenced by need and the importance of addressing China's growing inequality, thus focusing on programs to create greater opportunity in China's Western provinces. In contrast, philanthropists included in the China Philanthropy Project's database did not appear to intentionally address regional inequalities. In fact, as a percentage of total giving among the 100 donors, almost 60% was donated in the same province as the donor's corporate headquarters. Indeed, regions with more acute development needs were found to receive a dramatically smaller amount of donations than other, more well-developed areas. Some of China's poorest areas – including Xinjiang, Ningxia, Tibet, Gansu and Yunnan – received in total less than 2% of the China Philanthropy Project cohort's giving, while Beijing, the nation's capital, received 15.7%.<sup>30</sup>

## Education is the Top Priority

As noted above, broadening educational opportunity is a clear priority among this study's philanthropists. The focus likely reflects several factors including: (1) the positive role educational

opportunity played in their own lives, and a desire to afford the same opportunities to others; (2) the general cultural importance given to education in China; (3) an understanding of the long-term impact of education on China's prosperity; and (4) a commitment to equal opportunity in a country that has recently witnessed growing inequality. The individuals interviewed are creating and supporting numerous education programs and interventions at the primary, secondary, and tertiary levels. Many initiatives seek to create equal education opportunity, sometimes by harnessing the power of technology. Other efforts establish or expand educational institutions and often specifically support alma maters. In addition, many philanthropists provide student scholarships and one ambitious effort recognizes educational excellence through a significant prize. Examples of this work follows.

### Creating Opportunity and Promoting Equality

There are many initiatives that seek to bring quality education to the underserved or disadvantaged in China, and many of them focus on remote and rural areas. These investments acknowledge the long-term impact of education on both individual wellbeing and national prosperity, a relationship that has been confirmed through a substantial body of research.

The Zhejiang Xinhua Compassion Education Foundation, founded by Wang Chien-shien in 2007, has carried out multiple nation-wide philanthropy projects, including "Hope for Pearl," supporting "Pearl Students" who are outstanding in school but trapped in poverty, "Love Elementary School," which rebuilds unsafe school buildings, "Love Library," bringing books to elementary schools in less-developed areas, "Classes for Yi Children," helping Yi students in Sichuan Liangshan Yi finish their elementary education, as well as "An Egg for Each Child" and "Teacher Training for the West."

### Education for All

"All my philanthropy is in support of education. This is the highest leverage rate possible." *Pang Shengdong*

"I raised pigs and herded sheep for a living. I knew that only education could change my fate." *Zhao Weiguo*

"Education is the only chance for poor people to change their destiny." *Zhao Jing*

"Education is the core power to move the world forward."  
*Anonymous*

"In China, no matter how poor, parents want to provide education." *Anonymous*

"We need to turn China into a country not just of many people, but of great human capital." *Anonymous*

Through December 2016, the foundation had funded approximately 49,000 Pearl Students, 364 Love Elementary Schools, 157 Love Libraries, 702 Yi children in poverty, one boiled egg a day for over 50,000 students, and approximately 3,000 teachers in the west. In addition, following the Wenchuan earthquake the foundation helped hundreds of children and students and supported 26 Wenchuan schools.

Another philanthropist committed to improving education for disadvantaged children is Zhao Jing, the co-founder & substantial shareholder of Delong Holdings. Zhao Jing co-founded the Beijing Cihong Charitable Aid Foundation in 2010. For six years the foundation has worked to develop literacy and reading skills in central and western China. The goal is to provide every classroom with a mini-library and develop teacher competence in teaching reading. Zhao Jing describes literacy as the essential foundation for both the humanities and sciences and the basis for life-long learning. Beijing Normal University is currently evaluating the program's impact.

Pang Shengdong has also supported many areas of education and has a long-term commitment to promote equity in education in China. One unique initiative seeks to improve the quality of education in Western China by subsidizing the salaries of the staff at education-focused NGOs. He explained that NGOs can make significant contributions to the educational system, but because staff earn only 50% to 60% of what they need to live, the organizations are unable to retain talent. He carefully vets NGOs with high capacity to improve schools, and makes a commitment to subsidize salaries for ten years to enable staff to stay in their roles long enough to create systemic change.

There are also important examples of philanthropists focusing on specific subpopulations. Two interviewees focus their giving on the minority Yi ethnic group: Wang Yan is developing a program with leading universities around the globe to provide tertiary education opportunities to qualified Yi students who are required to come back and contribute to China's development, and Wang Chien-shien funds a program to keep Yi girls – who have a high dropout rate – in school. Another philanthropist, Vic Lee, has created an ambitious effort focused on the needs of very young children and early childhood education. Over the last three years he has committed USD 6 million to develop a comprehensive model for early childhood education in Yunnan, one of the poorest regions in China, with the hope that it could be brought to scale throughout the province.

Similarly, there are unique examples of donors focused on highly targeted goals. For example, two of this study's donors have supported programs to teach positive personal values. Through the SOHO China Foundation, co-founders Zhang Xin and Pan Shiyi, who founded the SOHO China real estate company, support rural educational initiatives that teach values such as individual and communal responsibility. They focus especially on 'left-behind' children, as many parents of rural children move to cities for work, leaving children without the strong value system that parents provide. (According to several reports, there may be between 9 million and 61 million "left-be-



hind children” in China.<sup>31</sup>) Similarly, Lui Che Woo, through the Galaxy Entertainment Group Charitable Foundation, seeks to nurture positive moral and life values while enhancing education and employment opportunities. Galaxy Entertainment Group Limited established the Galaxy Entertainment Group Charitable Foundation with HKD 300 million in 2014 and plans to commit HKD 100 million (nearly USD 13 million) to the foundation each year for the next 10 years.

In 2008, Linda Wong made a personal contribution of RMB 2 million (USD 290,000) to set up the Beijing Yihai Foundation. She also created the Yihai Talent Building Class, which is a program financially supporting outstanding high school students in poverty-stricken regions including Jingtai in Gansu Province, Yancheng in Jiangsu Province, Shashi in Hubei Province, and Xichang in Sichuan Province. Since then a total financial contribution of over RMB 6.37 million (USD 924,000) has been made through this program.

Li Jinyuan believes that promoting the development of China's education system is the best way to repay China and society for his own good fortune. In 2003, he established the Tianshi Meijing International Love and Care Foundation Limited with HK 800 million (over USD 103 million). The foundation is dedicated

to public welfare, particularly disadvantaged children's education and health, and has funded numerous programs to improve schools, promote primary education in poverty-stricken and minority areas, provide scholarships to the economically disadvantaged, and assist school dropouts. Overall, the foundation and Li Jinyuan have donated RMB 1.5 billion (over USD 216 million) to public charities.<sup>32</sup>

Several individuals mentioned their support of Hope Schools, an initiative of Project Hope – established by the China Youth Development Foundation (CYDF) in 1989 – with a mission of bringing education to the poorest parts of China. It has been described as one of the most extensive, influential and widely utilized philanthropic programs in China. Project Hope builds schools in rural areas, called Hope Primary Schools, with the vision of improving the education infrastructure. The program encourages private support from corporations and individuals; a donation of RMB 500,000 (about USD 72,000) builds one school. As of 2013, Project Hope had raised RMB 9.757 billion (USD 1.4 billion), aided over 4.9 million financially-challenged rural students, and built 18,335 Hope primary schools.<sup>33</sup> Shum Chiu Hung has sponsored 13 Hope Schools, and Zong Qinghou and Li Jinyuan both mentioned their support for Project Hope.



Broadening educational opportunity is a clear priority among philanthropists in this study.

### Technology for Learning

Technology in China has been developing rapidly and permeates many aspects of Chinese life. The government has placed emphasis on technology as a fundamental part of the socio-economic development of the country and may also view it as an area to advance the nation's prestige. Many of China's wealth holders have made their fortunes in the technology sector. Thus it is not surprising that several philanthropists seek to improve educational opportunity and quality through technology-based innovations.

Two examples are illustrative. Shi Yi described his imminent plans to establish a foundation that will support the development and widespread delivery of quality education through mobile devices. Noting that such devices are ubiquitous in China, he believes they can be used to bring high quality education to students in areas with sub-par schools. The initiative will provide high quality content, but will also facilitate the creative development of new content through online collaboration and open sourcing.

Vic Lee described his ambition to develop new and creative ways to bring quality education to a broad population and address the needs of China's future workforce. He estimates that

in the future as much as 80% of youth learning will be acquired on-line, rather than through the formal education system. In addition, he explained that while the current Chinese education system emphasizes competition and rankings, he believes the country's future leaders need to be able to work collaboratively. He believes an extensive on-line learning system and hands-on, real world problem oriented curricula will allow young people to find their passions and become self-motivated to learn. "You no longer need to go to top schools and top universities to become a leader in the Fortune 500; there are all sorts of pathways to success." Vic Lee is currently working with MIT to develop his ideas.

### Building New Institutions

When philanthropists invest in establishing new educational institutions, it often reflects a belief that there is an unmet demand for education created by inadequate supply, the poor quality of existing institutions, or a deficiency in the subject areas addressed. Several contributors to this study have made remarkable investments in the creation of entirely new educational institutions.

Chen Yidan is passionate about education philanthropy and has donated considerable capital to various educational cau-





Many philanthropists support major institutions of higher education.

ses (approximately RMB 4.3 billion, or USD 626 million, if not more<sup>34</sup>). He founded Wuhan College in 2009 and as of 2016 the investment in the College exceeded RMB 2 billion (over USD 288 million). In our interview with Li Jinyuan he described his support, through Tiens Group and the Tianshi Meijing International Love and Care Foundation Limited, of two major institutions of higher education. He has steered RMB 670 million (USD 96 million) to develop Tianshi College, which enrolls more than 3,400 students, and he now has an ambitious plan to establish an international university in Tianjin that will accommodate 30,000 students and offer 30 majors. A third substantial investment has been made by Ji Changqun, who focuses his philanthropic support on the understanding, promotion and practice of traditional health practices. He has supported the creation of a new department and construction of a new building for education and research of traditional medicine at the Nanjing Medicine University.

Less frequent is the establishment of a new primary or secondary school, yet a striking example is the Wahaha Bilingual School Hangzhou, established and built by Du Jianying. Du Jianying explained that she was influenced by both her mother, a school principal devoted to education, and by the experience of her children, who attended a private school in the United States. Recognizing the life-long benefits of an excellent education, she sought to create a school in Hangzhou where children could obtain a world-class education, hiring globally-renowned professionals to create a vibrant, creative and innovative learning environment. The school attempts to combine “the best of Western and Chinese educational philosophies using innovative learning techniques and international best practices” and to create learning experiences that emphasize “classroom

excellence but also the emotional, social, physical and ethical development of the child.”<sup>35</sup>

### Supporting and Strengthening Alma Maters

Hurun’s *Chinese Millionaire Wealth Report 2013* observed that there is a growing trend among Chinese entrepreneurs to give back to their own educational institutions.<sup>36</sup> This tendency surfaced among several of those interviewed for this study. Zhao Weiguo, who has donated over RMB 700 million (approximately USD 101 million) to support education in China,<sup>37</sup> has made significant contributions to Tsinghua University (roughly USD 15 million<sup>38</sup>) for the University’s Education Fund, the Tsinghua Financial Institute, the Tsinghua Art Museum, sports teams, a program to assist underperforming students, and various other initiatives. Recently, Zhao Weiguo made a remarkable pledge to donate 70% of his personal wealth to Tsinghua University. In our interview, he explained his reasons for his significant philanthropic support of education and particularly Tsinghua University. Zhao Weiguo’s childhood home was in remote Xinjiang province in northwestern China. “I raised pigs and herded sheep for a living. I knew that only education could change my fate.” More broadly, he believes that universities are critical to the development of talent and thus the development of China. He also observed that he has great trust in Tsinghua and other universities to make good use of donations, noting that universities are perhaps the most transparent Chinese institutions in their acceptance and use of philanthropic contributions.

According to the 2016 Hurun Philanthropy List, Zhao Wenquan (CEO of BlueFocus Communications Group) donated USD 9.8 million to education in 2016, including a sizeable contribution to his alma mater, Peking University.

Pang Shengdong has also been a generous supporter of his alma mater, Ningbo University. In 2015, he donated RMB 30 million (USD 4.8 million) to help build a new library and support its Sincerity Reading Foundation, and in 2014 he donated RMB 2 million (USD 288,000) to reward teacher excellence and encourage students in their studies.<sup>39</sup>

### Scholarships

Several of the philanthropists in this study provide student scholarships, another strategy viewed as important to creating individual educational opportunity. Some scholarships specifically target those students in greatest need, while others seek to support gifted students regardless of economic circumstances. Notably, several scholarships provide support to study at leading universities outside the country, perhaps demonstrating a willingness to look globally to cultivate the next generation of leaders.

Pan Shiyi and Zhang Xin donated USD 15 million and USD 10 million to Harvard and Yale universities respectively to establish the SOHO China Scholarships for Chinese undergraduates.<sup>40</sup> According to Pan Shiyi, “The Soho China scholarships aim to provide the best possible educational opportunities to the most outstanding students from mainland China, enabling them to maximize their potential in their contribution to mankind.”<sup>41</sup> Shi Yi established a permanent fund in Germany to support the building of research laboratories and provide scholarships to students at Goethe University Frankfurt, his alma mater. And Chen Yidan has established several scholarships including: USD 1 million to create the Chen Yidan Scholarship at Stanford Law School; RMB 10 million (approximately USD 1.4 million) to set up the Chen Yidan Faculty Award and Scholarship at a Zhongnan University of Economics and Law; and RMB 1.5 million (nearly USD 216K) to set up the Ciyang Scholarship at Tianxin Middle School.<sup>42</sup>

Similarly, in 2013, Liu Qiangdong, founder of JD.com and the JD Foundation, and his wife, Zhang Zetian, donated through the JD Foundation RMB 10 million (USD 1.4 million) to establish the Jingdong Scholarships at Renmin University of China for academically outstanding and economically disadvantaged students. At the same time, Liu Qiangdong personally donated RMB 1 million (USD 144,000) to establish the Qiangdong Scholarship for students carrying out research in social and sociology studies.<sup>43</sup>

### Recognizing Educational Excellence

In education, as in other fields, prizes are viewed as an effective way to encourage talent and leadership and create lasting change. With a contribution of USD 320 million, Chen Yidan has established the world’s largest education award, the Yidan Prize, “to empower the change makers in education, build a global community of education leaders and, ultimately, create long-lasting, enlightening impacts on mankind as a whole.”<sup>44</sup> The Yidan Prize consists of two awards: the Yidan Prize for Education Research and the Yidan Prize for Education Development. Each Yidan Prize laureate receives HKD 30 million

(nearly USD 3.9 million), divided equally between a cash prize and a project fund, as well as a gold medal.

“[We need] to empower the change makers in education, build a global community of education leaders and, ultimately, create long-lasting, enlightening impacts on mankind as a whole.”

Chen Yidan

### Fighting Poverty through Employment Readiness and Job Creation

While several of the educational initiatives described above seek to move individuals out of poverty through educational opportunity, two individuals interviewed for this study support programs that seek to prepare individuals for the modern workforce. The Huamin Charity Foundation, co-founded by Lu De-zhi, with support from 150 corporations, initiated an Employment Aid Program for College Students, which supports 5,000 graduating college students from 50 universities and colleges nationwide. Each student receives RMB 3,000 (USD 400), pre-job training, and advice in career planning. In the early years of the program, the foundation found that 5% of the graduates were still unable to find employment. For these students, the foundation now provides additional services, including internships and human resource support.<sup>45</sup>

Zong Qinghou, chairman of the privately-held Wahaha Group and founder and Wahaha Charity Foundation, believes “the biggest concern of charity should be to solve the employment problem.” He has little confidence in traditional charity: “A true philanthropist should be able to continuously create social wealth.”<sup>46</sup> In our interview he explained that there are still many poor people in China, especially among minority and ethnic groups, and his emphasis is on investing in job creation to move people permanently out of poverty. He explained that he views these investments as philanthropic, noting, “as business investments they would be poor choices.” Zong Qinghou describes philanthropy as more than donating money, it is about, “investing in difficult areas, creating jobs, leading regional economic development in poor provinces, and propelling the transformation of peoples’ values.” He emphasized, “This is not a ‘blood transfusion’ model but a ‘blood making’ model of poverty alleviation.” As an example, between 2000 and 2014, Wahaha Charity Foundation donated over RMB 44.6 million (over USD 6.4 million) to the “Spring Breeze Action” – a Hangzhou municipal program that aims to offer public employment services for migrant workers and enterprises.<sup>47</sup>



Art museums have the power to fill a gap in Chinese cultural life, regain lost heritage, educate the Chinese public, and give China a cultural prestige commensurate with its wealth.

### **Preserving and Promoting the Arts and Culture**

Interviews conducted for this study found a limited, yet passionate, number of individuals who promote and support the arts and cultural heritage of China. China has historically had limited arts institutions and studies. However, in this century the government began to see art as associated with China's 'soft power' and as a tool for building-out the nation's cultural resources and reputation. While in 1949 China had only 21 museums, today there are more than 4,000. According to Liu Yiqian, a Chinese billionaire who has built several art museums in Shanghai (Liu was not interviewed for this study), art museums have the power to fill a gap in Chinese cultural life, regain lost heritage, educate the Chinese public, and give China a cultural prestige commensurate with its wealth.<sup>48</sup> Some of the philanthropists interviewed for this study affirmed the need for philanthropy to help preserve China's extraordinarily rich cultural heritage, promote its under-developed contemporary art field, and ensure that China's artistic developments are brought to a global audience.

The Mao Jihong Arts Foundation is devoted to the development of arts education and the promotion of research, debate, new aesthetic practices and the understanding of the complexities of arts creation in a variety of social and geographical contexts, as well as the relationship of tradition and modernity. Mao Jihong described how contemporary art in China has not been fully appreciated and lacks important connections to other disciplines including philosophy, literature, and science. The foundation is working in China as well as with international colleagues at leading institutions such as the Pompidou Center in France to showcase contemporary Chinese and international art and artists. Mao Jihong promotes art not only for its cultural

importance but he also hopes that art can be a vehicle for solving social problems. He envisions art being used to promote more international exchanges and south-south dialogues. Ideally, he hopes that such exchanges may contribute to solving conflicts among different cultures and ethnic groups.

Wang Bing has recently established the New Century Art Foundation to support modern art in China. In contrast to the Ai You Foundation, he describes the New Century Art Foundation as "a hobby rather than a career." He notes that in China there is little individual/private support for the arts. He wants to bridge the divide between modern art in the West and China, in addition to supporting contemporary artists and bringing them to a global audience. For example, he co-sponsored a personal exhibit of Cao Fei, a Chinese modern artist, at New York's Museum of Modern Art (MOMA).

The Chen Yidan Foundation, established in 2013, is dedicated to promote, rejuvenate, and further develop traditional Chinese culture through both educational projects and the preservation of cultural heritage, such as traditional costume, embroidery, and song.

### **Health and Wellbeing for All**

Health, like education, is viewed by many in China as both a basic human right and a fundamental building block for national prosperity. While there is a general belief that it is the government's responsibility to ensure both quality education and adequate healthcare, a few philanthropists interviewed for this study are seeking to work in discrete areas to improve health outcomes.

In 2004, Wang Bing founded the Ai You Foundation, which is committed to providing medical assistance to orphaned and poor children. With an original donation of RMB 200,000 (USD 30,000), today the Ai You Foundation has raised over RMB 300 million (USD 44 million). Key programs include the Ai You Young Heart Project, which has helped approximately 40,000 children with congenital heart disease; the Ai You Angel Project, which has provided treatment for over 2,000 children with leukemia; the Ai You Reborn Project, which has provided skilled nursing care for over 7,000 orphans suffering from various diseases; and the Ai You HeKang Rehab Center, which has developed 13 centers for children with disabilities.

Ji Changqun has a deep commitment to promoting and teaching traditional Chinese medicine. Since 2007, Ji Changqun has steered approximately RMB 60 million (over USD 8.6 million) to Nanjing Medicine University and Wuhan University. In 2012, he established a new division/department at Nanjing to support teaching, research, and scholarships in traditional medicine; the program now has 300-400 students per year. Ji Changqun emphasized that he does not define himself as a philanthropist, which he associates with traditional charity. “Fundamentally I want to help people. The best way to do this is for me to invest in the healthcare profession, not give money directly to individuals. I am looking for long-term solutions. We need systemic change to prevent illness, so that people don’t face the issues that then require charity.” One might describe this as “preventative philanthropy.”

Other health-related philanthropy addresses specific diseases. Chong Han supports a program to prevent, treat and find a cure for echinococcosis, a fatal parasitic disease prevalent in northwest China. Shum Chiu Hung, through the Guangzhou Times Property Charity Foundation, has helped more than 3,000 cataract patients to recover their vision through free surgeries, and has also built a rehabilitation facility for a children’s welfare institute, as well as two comprehensive hospitals. Du Jianying, whose philanthropy focuses primarily on education, also funds cancer research. She noted that she is exploring doing more in the health field, particularly around emerging health problems caused by environmental factors and poor nutritional behaviors. Similarly, Zhang Zetian noted that although the JD Foundation primarily supports education, she is excited about a recent investment in the “First 1,000 Days” campaign, a joint initiative by the United Nations World Food Program and the China Children and Teenagers Fund, which provides nutrition to mothers and children during the first 1,000 days of a child’s life.

In addition, some donors focus on the needs of people with disabilities. The Huamin Charity Foundation established one particularly promising program. Recognizing that an individual with disabilities can often aggravate a family’s economic challenges, the foundation is partnering with the nonprofit “Can You” to provide computers and computer training so that homebound people with disabilities can remotely work with Chinese technology companies.

### **Environmental Philanthropy is Limited**

Given increasing public and media attention to environmental degradation, as well as CCP leadership concern about air pollution in the major cities, it may seem surprising that few philanthropic dollars are directed at addressing environmental issues. The Ash Center’s Chinese Philanthropy Project found that a mere 0.9% of 2015 donations were channeled to environmental organizations or initiatives, and nearly three-quarters of this was given to the Zhejiang provincial government.<sup>49</sup> *The Hurun Philanthropy List 2016* reported that only two of the top 100 philanthropists in mainland China gave to environmental causes. One of those two, interviewed for this study, is Li Jinyuan, who has said that Tiens group (which believes that environmental protection is related to harmony and a form of gratitude<sup>50</sup>) would continue to make contributions to environmental protection.<sup>51</sup> The Lao Niu Foundation, founded by Niu Gensheng has also supported green initiatives, and has received a prestigious international philanthropy award from the Nature Conservancy.<sup>52</sup> Also noteworthy is that part of the three-tiered LUI Che Woo Prize – Prize for World Civilization rewards individuals advancing a sustainable ecological balance and providing for the needs of future generations.

While not interviewed for this study, Jack Ma is also a generous supporter of environmental causes. In 2016, he joined 20 leaders in global philanthropy to launch Breakthrough Energy Ventures, led by Bill Gates, a more than USD 1 billion fund that will invest in new technologies aimed at reducing greenhouse gases and fighting climate change.

### **Natural Disasters are a Catalyst for Giving**

Disaster relief is often a catalyst for giving in China, as it is around the world. Indeed, many observers have noted that the 2008 Sichuan earthquake was a watershed moment for philanthropy in China. Total charitable donations that year reached over RMB 100 billion (over USD 14 billion), a 380% increase over the previous year.<sup>53</sup>

A large majority of the philanthropists interviewed for this study mentioned contributing to disaster relief efforts, some very generously. Cho Tak Wong provided over RMB 110 million (nearly USD 15.9 million) for the 2008 Sichuan earthquake relief effort. In 2010 he earmarked over RMB 270 million (nearly USD 39 million) for victims of a drought in five southwestern provinces. And in 2011 he contributed over RMB 318 million (nearly USD 46 million) to drought relief in Southwest China. Linda Wong has led the Yihai Group in charitable contributions including disaster relief and reconstruction. After the 2008 Wenchuan earthquake, she contributed more than RMB 20 million (USD 3 million), committed to a two year process of reconstruction of the Beichuan Middle School, and initiated the Teaching Aide Program which continued for over six years.

Although disasters elicit generous immediate charitable responses, the extent to which this evolves into longer-term philanthropic engagement is not clear.



Philanthropic giving in China is growing rapidly, gaining visibility, and displaying exciting ingenuity and innovation.

# Philanthropic Trends and Developments

Philanthropic giving in China is growing rapidly, gaining visibility, and displaying exciting ingenuity and innovation. While the sector's recent and rapid evolution (and this study's parameters) make it challenging to suggest definitive patterns or trends, certain trends and characteristics are worth examining, among them (1) philanthropy and its institutions are on the rise; (2) Chinese entrepreneurs often engage in philanthropy quite individually; (3) the belief in the importance of giving is society-wide; (4) as in other parts of Chinese society, technology is playing an important role; and (5) there is a nascent but growing infrastructure to encourage, support, and facilitate Chinese philanthropy.

## Philanthropic Giving among the Wealthy is Increasing

The extent of philanthropic giving among China's wealthy is largely unknown. While data sources – e.g., the China Foundation Center, the Ash Center's Chinese Philanthropy Project database – are increasing in number, the picture is very incomplete. Given cultural and political reasons for discretion – indeed, sometimes anonymity – combined with the absence of a centralized tracking system, much philanthropy surely goes unnoticed. Despite the limited data, almost everyone interviewed believes that giving is on the rise among China's wealthy. Indeed, Hurun found that charitable donations from the top 100 philanthropists in mainland China more than tripled between 2010 and 2016, from USD 1.3 billion in 2010 to USD 4.6 billion in 2016.<sup>54</sup> And, according to the 2015 UNDP report, there was a 66% increase in total charitable giving in China between 2009 and 2014.<sup>55</sup>

## Giving is Becoming More Institutionalized

Chinese philanthropists are increasingly establishing foundations to institutionalize and professionalize their philanthropy. According to Tao Ze, President of the China Foundation Center, of the 200 individuals on the *Forbes* list of the wealthiest individuals in China, 46 have foundations.<sup>56</sup> Notably, a full two-thirds of the philanthropists interviewed for this study had established, or were planning to establish, charitable foundations.

The principal reason for establishing a foundation is to create a platform from which to focus, professionalize, and amplify philanthropic giving, ultimately to increase impact. Foundations can also provide enhanced legitimacy by increasing transparency and decreasing potential suspicion surrounding philanthropic giving. Tao Ze also suggests that peer influence may encourage

some individuals to establish foundations, especially with an increasing number of wealthy entrepreneurs worldwide doing so.

Many Chinese philanthropists see little distinction between private/independent foundations and corporate foundations, and sometimes use the latter to advance personal philanthropic goals. Several individuals pointed out that registering a corporate foundation was far easier than registering a private one. In addition, some individuals who have founded companies see the corporation as an extension of themselves, regardless of whether it is publicly-traded. When asked if a company foundation served corporate or personal purposes, one corporate leader responded, "I am the company." Several interviewees described a corporate foundation as a mechanism for achieving both corporate and personal philanthropic goals. Zhang Zetian explained that the JD Foundation supports programs related to the corporation, but that some grants also reflect their personal passions. Shum Chiu Hung also noted that the Guangzhou Times Property Charity Foundation is funded by a combination of corporate profits, his personal contributions and donations from almost everyone employed by the company.

Foundation funding can derive from any number of sources – personal, corporate or sometimes both. The donation of corporate shares to fund a foundation seems to be a growing trend among Chinese entrepreneurs; Niu Gensheng and Cho Tak Wong both employed this strategy, as did Zhao Wenquan in a gift of BlueFocus shares to Peking University Education Foundation. Beyond core funding, many foundations seek to increase their impact through contributions from others. As described above, China's new 2016 Charity Law for the first time allows private foundations to raise funds publicly, although they must receive a special license to do so. Zhao Jing and her husband, who personally funded The Cihong Charity for the first five years of its operation, were one of the first private foundations to receive permission to fundraise. It is worth noting that while contributions from other sources may indeed increase a foundation's potential impact, it is also possible that in a resource-competitive environment the practice limits funds available to other civil society organizations.

Foundations and their founders take a variety of approaches to the distribution of philanthropic capital. Some operate their own programs; others provide grants to third parties; and many em-



brace a hybrid approach. While the data is limited, it seems that most Chinese foundations have at least some foundation-operated programs. There are several possible reasons for this. First, harking back to the strong motivation of creating “happiness,” donors can achieve personal fulfillment from direct involvement with a foundation’s programs and beneficiaries. Second, some donors emphasize that they can have more impact by operating their own programs. Third, there exists in China a relatively high degree of mistrust in NGOs, a phenomenon discussed below. Wang Chien-shien of the Zhejiang Xinhua Compassion Education Foundation, explained, “By operating our own programs we have more quality control. We trust ourselves more than others.”

While foundations increase in number, challenges to future growth are real. First, a number of interviewees noted the significant barriers to registering a foundation in China. Indeed, many philanthropists choose to establish foundations in Hong Kong to avoid the difficulties and limitations of policies and procedures in Mainland China. Second, some interviewees, almost all of whom are leaders of major corporations, noted the significant time commitment required to oversee the work of a foundation. There is reluctance to hand-over responsibility to hired staff given the shortage of experienced talent in this relatively new sector. Third, some individuals would prefer to keep their philanthropy personal and at a distance from the government. One person explained that if s/he created a foundation s/he would be expected to attend numerous activities and events.

### **Philanthropy is Often a Personal Pursuit**

Chinese philanthropists are often more independent than wealthy social investors elsewhere around the globe. When asked about family involvement in their philanthropy, many interviewees said their philanthropy was almost exclusively their own work. Some other studies looking at Asian philanthropy more broadly have found families more likely to be involved. Philanthropists elsewhere cite a number of factors for doing so, e.g., viewing family philanthropy as a vehicle to teach important values such as compassion and tolerance; fostering the capacity for leadership, innovation and responsibility; and strengthening family cohesion in providing a common family purpose.<sup>57</sup>

No single reason explains this bias towards personal giving. One donor suggested that in China men have traditionally exercised almost exclusive authority in decision making involving money. While this phenomenon may be changing, it is still the dominant paradigm. Another interviewee noted that family businesses – a platform elsewhere for teaching family philanthropy – are still relatively rare in China. It may also be that first-generation wealth is likely to be perceived as belonging to the individual wealth creator, while inherited wealth is more likely to be treated as a multi-generational asset. As noted earlier, wealth creation and concomitant giving in China is new enough that patterns are still hard to discern.

Chinese philanthropists in this study are unlikely to collaborate with other donors. Vic Lee noted, “Others may enjoy this, but I am used to building something from 0 to 1, and tend to solve

problems innovatively. It is difficult to work with others before you get to some milestones and prove your ideas, so this is how I can best approach philanthropy.” Others point to additional reasons. One philanthropist explained, “Donations are very sensitive in China; they are difficult to talk about. Doing it alone is easier.” Another pointed to the Chinese virtue of humility, suggesting that collaboration is more difficult when one may not wish to be recognized for his/her giving.

### **Belief in Importance of Society-wide Philanthropy**

While this paper focuses on giving among the very wealthy, those interviewed here repeatedly emphasized that in China, philanthropy is something in which most everyone can, and should, engage. Giving among the general population has been growing not only in response to natural disasters but also for other causes. As noted earlier, the state/collective takeover in the countryside of welfare provision and social support, curtailed individual and societal giving. As the state often encouraged “voluntary” contributions from individuals and organizations for government defined priorities, it created a degree of cynicism about charitable giving. With the loosening of the state’s grasp, space has opened for society to participate more directly in charitable and philanthropic activities and traditional patterns of giving within local communities have clearly revived.

Numerous internet platforms encourage and/or support universal giving, including 51Give.org, Sina Weibo’s Micro-Philanthropy Platform, and WeChat. Tencent, the internet service portal, has tried to create the idea of regular giving by encouraging people to sign up for a USD 1.50 per month recurring donation. The micro-donation can be designated for a specific project hosted by a public foundation. It will be interesting to see whether this phenomenon will be extended to include private foundations in the wake of the enactment of the new Charity Law.

Li Jing, Secretary General of the One Foundation, describes helping others as a cultural value shared by all, regardless of socio-economic status. He described the prevailing vision at the One Foundation as a belief that the ability to give is universal. Indeed, its slogan is: “Charity by Everyone, Doing What I Can.”<sup>58</sup> While the foundation might be able to leverage its impact by soliciting contributions from wealth holders, it is more important to the foundation to have broad participation among their contributors; over 70% of the foundation’s funding derives from small gifts obtained via Internet platforms. The foundation refers to their contributors as “one family,” emphasizing the value of participation and trust.

### **New Technologies Spur Giving**

China is home to the world’s largest number of Internet users, the fastest-growing e-commerce market, and many of China’s wealth holders have made their fortunes in the technology sector. In the philanthropic sector, technology is being used to advance programmatic goals (see this paper’s section on Education Philanthropy), to encourage broader based giving, to enhance efficiency in giving and to develop trust through transparency. Individuals in this study are spearheading a number of these efforts.

While many of the platforms are designed to encourage widespread participation and small gifts, some are also facilitating larger-scale giving among the wealthy.

Tencent leaders have been innovators in this arena. Following the 2008 Sichuan earthquake, Tencent quickly developed an online platform through which people throughout China could donate to relief efforts. The platform quickly received RMB USD 20 million (nearly USD 2.6 million) in donations from well over half a million people. As the need for immediate relief receded and donations declined, Chen Yidan sought to keep donors engaged. Tencent designed and implemented a monthly donations platform through which more than 23 million people have donated approximately RMB 540 million (nearly USD 70 million), and 2,960 NGOs and 7,241 projects have received support. Tencent also created Charity Days, now referred to as the 9.9 Internet Philanthropy Campaign, a large-scale fundraising drive over three days in September 2016. This campaign raised over RMB 600 million (USD 77 million) from 6.8 million participants and supported 3,643 projects.<sup>59</sup>

A number of the individuals interviewed here noted the near-ubiquitous use of WeChat, a cross-platform instant messaging service that also facilitates individual giving, as well as collective

giving by groups of peers. One interviewee described how her university alumni group sought to do something collectively for their alma mater; within two hours, 100 alumni had contributed USD 2 million. The individual observed that this type of giving has the advantage of trust: you know who is asking for the contribution and know that it will be used well.

Looking to the future, Wang Bing envisions an ever-greater role for technology to encourage and support philanthropy. The goal of the third phase of the Ai You Foundation's 30-year plan is to become "the Facebook of philanthropy." Wang Bing describes a platform that will connect all philanthropic stakeholders – grassroots organizations, foundations, individuals, nonprofits – and make it easy to give in an informed, safe, and impactful way.

In a somewhat similar vein, Tao Ze describes the development of a China Foundation Center platform that will centralize and link philanthropic knowledge and actors. Once created, this cloud-based system will be a repository of easily searchable information on philanthropic giving, affording ready access to information on issues, grants made, nonprofit organizations, etc. The hope is that it will allow philanthropists to "do things more easily and with more impact."



China is home to the world's largest number of Internet users. In the philanthropic sector, technology is being used to advance programmatic goals and encourage and facilitate giving.

### **A Growing Infrastructure to Support Philanthropy**

An ecosystem to encourage, develop and professionalize philanthropy is beginning to take shape in China. There are at least four academic-based research centers and a new global training center, organizations that are promoting transparency and knowledge, numerous philanthropic awards to recognize leadership in the field, and initiatives such as conferences and movie festivals to raise the visibility of the sector and offer platforms for knowledge exchange.

Academic centers undertaking research and teaching and thought leadership include The Institute for Philanthropy at Tsinghua University (IPTU), the China Philanthropy Research Institute at Beijing Normal University and the Chinese Philanthropy Research Institute at Sun-Yatsen University. In addition, in 2015 the first independent philanthropic training center, the China Global Philanthropy Institute, has been established in Shenzhen with the support of five leading philanthropists from China and the United States. The institute is dedicated to advancing philanthropy in China and throughout the world by improving professional education standards, fostering global dialogue and promoting innovative reforms in global philanthropy.

Several organizations are helping to promote greater transparency and knowledge on the philanthropic sector. The China Foundation Center (CFC), founded in 2010, has a mission to strengthen the social impact of philanthropy by bringing “transparency to philanthropic markets through access to the highest quality data, news, and analytics, thereby enhancing the social impact of philanthropy.” It includes a data base of over 2,000 foundations with financial and grants information.<sup>60</sup> Another organization is the China Charity Alliance, founded in 2013 with a mission to serve as a “platform to mobilize all social forces to take part in philanthropy.” The organization evaluates charities, works to promote effective public policies as well as self-governance within the charity sector, and provide professional training.<sup>61</sup>

Demonstrating the growing interest in and recognition of philanthropy in China, there has also been a prevalence of philanthropy conferences, awards and ceremonies to raise the visibility of the sector and to exchange knowledge. Among the most prominent conferences are the China Private Foundation Forum held annually since 2008, the China Charity Fair launched in 2012, and the Xin Philanthropy Conference inaugurated by Jack Ma and the Alibaba Foundation in 2016. The One Foundation has also created the Philanthropy Awards, which reward non-profit organizations for their charity projects, and holds the Philanthropy Forums, where key stakeholders can share ideas. Since 2013, the China International Philanthropic Movie Festival has also endeavored to raise the visibility of the sector through film; the festival “strives to boost the development of public charity cause by building a bridge between domestic and foreign charity movie makers for exchanges to achieve mutual growth.”<sup>62</sup>

As an active participant in recognizing and rewarding philanthropy, the Chinese government has implemented ceremonies, awards, and publications of its own. The government recently designated September 5th as the official Chinese Charity Day to promote the concept of charity more widely throughout China.<sup>63</sup> Since 2005, the Ministry of Civil Affairs has conducted the China Charity Awards, which are regarded as the top government prize in Chinese philanthropy – government officials and other individuals receive awards for their charitable activities, whereas entrepreneurs are recognized for their donations. The awards have five categories: Charity Award for Local Enterprises, Charity Award for Overseas Enterprises, Charity Award for Individual Donors, Charity Award for Individual Charity Workers, and Most Influential Charity Projects.<sup>64</sup> Since 2001, the Ministry of Civil Affairs has also supervised the publication of the *China Philanthropy Times*, a newspaper that promotes the concept of philanthropy and recognizes philanthropic achievements. Included in the publication is the China Philanthropy List, launched in 2005, which recognizes corporations and entrepreneurs, and entertainment and sports celebrities for promoting philanthropy.<sup>65</sup>

Interestingly, while the efforts to promote and publicize philanthropy continue to increase, among those interviewed for this study there was limited knowledge of the work, or even the existence, of many foundations. Perhaps missing from the infrastructure are sufficient opportunities to bring philanthropists together for peer-learning, sharing of experience, and potential collaboration.

Growing infrastructure will  
improve the impact of philanthropy.



Philanthropy in China may be poised to gain speed and momentum.



# Looking Ahead: Challenges and Opportunities for the Further Development of Philanthropy in China

Most individuals interviewed for this study are committed and engaged philanthropists. By and large they do not see significant obstacles to their giving. Further, many believe that philanthropy in China will continue a healthy growth trajectory and that in the near future it is likely to gain speed and momentum. They point out, rightly, that both private wealth creation and modern philanthropy in China are young, and that with time philanthropy will evolve organically and perhaps even explosively.

At the same time, among both wealth holders and experts alike there is a strong belief that challenges confront the development of philanthropy in China, issues that must be addressed if philanthropy is to continue its robust growth. Principal among those issues are: lack of trust and confidence in the charitable sector; continuing concerns about public policy that affects philanthropy; a shortage of talent and organizational capacity; and societal perceptions around wealth and giving.

“Doing philanthropy in China you need a very strong heart. There is much criticism, skepticism and suspicion.”

Wang Bing

## Developing Trust and Confidence in the Charity Sector

China's philanthropic sector suffers from a lack of transparency and accountability. As a consequence, there is a pervasive lack of trust in its organizations and institutions. Until recently, very few private foundations published reports; it is estimated that in 2011 perhaps only 30 did so.<sup>66</sup> According to the 2013 China Charity Transparency Report, published by the state-run charity watchdog the China Charity and Donation Information Center, less than a third of registered charities in China meet basic international standards for transparency and disclosure.<sup>67</sup>

An independent study of 93 charitable organizations conducted by researchers at Peking University found that nine of ten failed to meet basic standards of transparency.<sup>68</sup>

Widely-publicized scandals have further undermined public confidence in the philanthropic sector, particularly the older government-linked organizations. For example, the reputation of the Red Cross Society of China was severely compromised when the charity admitted that almost USD 12 million raised for the 2008 Sichuan earthquake was diverted to projects other than those intended. Zong Qinghou described the Red Cross scandal as a major setback for philanthropy in China, noting, “Everyone lost trust in philanthropy.” Another scandal, involving tax deception by the China Charity Federation, further eroded public trust.

Many interviewees acknowledged the lack of transparency within the sector. According to Mao Jihong, the goals and mechanisms of many foundations are often unclear, resulting in a tendency for people to mistrust them. Another entrepreneur acknowledged that some corporate philanthropy is more of a marketing and public relations strategy than a truly charitable act. Yet another noted that there were “cheaters and false foundations” that tainted the entire sector. Shi Yi emphasized, “Transparency is key to building credibility and trust. If organizations were more transparent, the wealthy would be more likely to give.” Both Gao Jianrong, Board Chairman of Join-In Group Limited, and Duan Lin Nan, General Manager of Everest Hotel Management, noted there were very few NGOs that they have confidence in, which is why they support so few.

“Transparency is key to building credibility and trust. If organizations were more transparent, the wealthy would be more likely to give.”

Shi Yi

Encouragingly, the 2016 Charity Law demands far more public information from the sector, and recent efforts by the China Foundation Center and others to build trust and transparency in the sector are steps in the right direction. In 2012, the CFC introduced the Foundation Transparency Index (FTI) which ranks foundations “according to the level and quality of publicly disclosed information about their activities, finances, and governance to meet growing demands for transparency in the digital age.” This is a welcome development given that in the FTI’s 2016 assessment of 3,641 foundations, only 2% were given the highest score for transparency (29 public foundations and 45 private foundations).<sup>69</sup>

While rarely studied, there may be a correlation between the level of trust and the level of giving within a country that could prove to be encouraging in the Chinese context. The level of societal trust has been defined by renowned economist William Easterly as the extent to which an individual trusts strangers, i.e., those beyond one’s extended family, close community or clan.<sup>70</sup> By extension, in a low-trust society that is characterized by trust for only family and friends, philanthropic support for institutions and initiatives led by strangers will presumably be limited, while in a high-trust society the opposite may be true. Interestingly, in the 2007 Pew Global Attitudes survey, China had the highest level of social trust among the 47 countries surveyed. Almost 80% of Chinese respondents agreed with the statement “Most people in this society are trustworthy.”<sup>71</sup> This sentiment may bode well for the future of philanthropic giving in China.

### **Continuing to Improve the Policy and Tax Environment**

The year 2016 saw major steps towards legitimizing and regularizing China’s philanthropic sector. The CCP has clearly acknowledged the legitimacy of the sector and has established the groundwork for the further development of private foundations. At the same time, it has sought to ensure that donations support the government’s priorities and government-linked organizations.

While the 2016 Charity Law addressed several key challenges to the development of the sector, it remains to be seen how the new policies will be applied. As with all laws in China, the Charity Law provides a general framework and guidelines; further implementation regulations will need to follow, including more information regarding tax benefits, mechanisms of accountability and the management of charitable trusts. At the same time, some issues are not resolved by the new law, e.g., restrictions regarding foundation administrative costs and expenditures. Such uncertainties are likely to be a drag on philanthropy’s growth.

Although interviewees acknowledged a general recognition of the improvements under the new Charity Law, many individuals believed that the policy environment posed a continuing challenge to philanthropy’s development. One interviewee, who participated in the drafting of the Charity Law, emphasized that the law is good but its execution and implementation remains a challenge. Another leading philanthropist said he believes the Charity Law is effective but not effective enough, asserting that, “We needed a torrent and they gave a drizzle.”

### **Foundation Operations Remain Restricted**

Policies that mandate high expenditure rates and low administrative costs have been a clear disincentive to the development of robust, sustainable institutions for philanthropic giving. Chinese private foundations are required to spend a minimum of 8% of its previous year’s assets, rendering it almost impossible to grow an endowment. Public fundraising foundations are required to spend at least 70% of the previous year’s income. In addition, both private and public foundations’ administrative costs (including salaries, benefits, rent, etc.) are capped at 10% of annual spending. It may be that the high minimum distribution rate, combined with a relatively low cap on administrative costs, further combined with high foundation start-up costs and the lack of effective tax incentives, are in part an effort to slow the development of private foundations.

Another concern is the scope of permissible foundation operations. As noted above, foundations are required to focus on issues of government priority. Additionally, even with the new registration system, foundations and other charitable organizations are still limited to work within the geographical jurisdiction in which they are registered. Thus, with the exception of nationally registered organizations – a designation quite difficult to obtain – impact is limited by geographic and programmatic fragmentation.

### **Need for a Clearer Tax Regime**

Tax incentives in China are severely limited in scope and very difficult to claim. Perhaps the greatest challenge is the strict and onerous process through which a nonprofit organization acquires tax-deductible status. As of 2015, only 157 organizations had been granted this status.<sup>72</sup> To state the obvious, this means that donations to many thousands of Chinese NGOs are ineligible for donor tax deductions, and, in addition, the NGOs must pay taxes on donations received. The New Charity Law touches on the question of tax benefits but refers mainly to the fact that charitable organizations and the income thereof enjoy tax benefits eligible according to law (article 79), without further clarification. Similarly, anyone or any organization donating assets “for use in charitable activities” are eligible for tax benefits (article 80). Further tax legislation will be necessary in order to provide greater clarification. Additionally, tax deductions for contributions to the limited eligible organizations are burdensome to claim. Several individuals noted that while it is difficult for corporations to claim tax deductions, it is almost impossible for individuals.

There was a range of opinions among those interviewed regarding the potential benefit of more favorable tax incentives. While some individuals, including Cho Tak Wong, said that stronger tax incentives are essential for promoting greater philanthropy, others said that they did not think stronger tax incentives would significantly increase giving among the very wealthy. While the skeptics acknowledged that the current incentives are not enough to stimulate giving, they believe that this is not really an obstacle for the very wealthy with a commitment to give. Despite the divergence of opinion, it is quite possible that reforms in this area could be an effective stimulus for giving, not only among the extremely wealthy, but also among the growing middle class.

### **Foundation Investment Policies Need Further Definition**

An additional significant hurdle to the growth of foundations in China concerns the investment of foundation assets. The Chinese government is – and not just in the realm of charitable enterprises – cautious with respect to investment risk. Will it require foundation assets to remain predominantly in safe havens such as government bonds and on bank deposit? Or, as is slowly happening with respect to pension funds, will the government allow a greater range of investment instruments and a greater level of risk-taking?

A related issue regards foundation governance. The role of foundation boards is currently statutorily circumscribed; the ability to set investment policy is limited by government restrictions on where funds can be invested. Income from investment for foundations is relatively small both for private and public foundations. In fact, less than one-third of foundations make investments and those that do invest do so in government bonds or use bank deposits. In 2012, of those foundations that did invest 40% had near zero returns and only 9.4% had investment committees.<sup>73</sup>

### **Building Talent and Capacity**

The charitable sector in China faces significant human resource challenges. A 2012 Conference Board report reaffirms that China's nonprofit sector lacks experienced talent ready and willing to work for NPOs.<sup>74</sup> Perhaps more critically, some government policies may actually prohibit the development of such talent. Many of those interviewed identified talent and capacity as one of the top challenges for the sector, and several are working directly to address the limitations.

The challenge has several dimensions. First, very low nonprofit salaries means that few people can afford to work in the sector over a sustained period. Second, there is a limited pool of talent with the training and skills necessary to work effectively in the nonprofit sector. Third, most of the myriad smaller nonprofit organizations are critically underfunded and cannot afford to invest in developing organizational capacity. The lack of capacity in turn contributes to the lack of confidence donors have in nonprofit organizations, creating a vicious cycle of underperformance that leads to further donor skepticism.

Foundations in China face the same issues regarding salary structure, a limited talent base, and competition with the for-profit sector. In addition, as described above, foundations are legally required to cap their administrative costs at 10% of their spending, which limits their ability to hire well-qualified staff. One study interviewee suggested that this issue was not insurmountable, that corporations, for instance, can subsidize their foundations from the business side. However, another interviewee said that if a foundation paid its employees too well it could be subject to criticism. Another interviewee noted that China's former 'one child' policy means that there are relatively few family members who can devote time to a family's philanthropy.

Interviewees suggested the need for more education and training programs focusing on the non-profit sector, more capacity building programs for nonprofit organizations, and the develop-

ment of new fiscal policies such as salary subsidies or tax incentives for individuals who work in the nonprofit sector.

Several individuals interviewed are trying to directly address the human resource challenge. Of particular note, one of Ai You Foundation's strategic initiatives is to assist and strengthen China's nonprofit and philanthropic sector. The Ai You Venture Philanthropy Program provides promising social enterprises and charity organizations not only funds but also assistance with resource development, strategic planning, talent management, fundraising and management development, and branding activities. Ai You currently funds 100 NGOs. And, as noted above, Pang Shengdong has a unique strategy to develop capacity in education nonprofits by subsidizing staff salaries for 10 years so that professionals can stay at the NGO long enough to create real change.

### **Changing Perceptions of Wealth and Giving**

A further challenge to philanthropy, albeit one more difficult to investigate or change, is the complex attitude toward wealth and giving in China. Several study interviewees noted the existence of suspicion and resentment towards people who had amassed large fortunes. They observe that private wealth is seen negatively by some, that the wealthy must be very careful about how they approach philanthropy so as not to engender ill will. As one philanthropist commented: "In China we pursue mediocrity. If you overdo, that is not good." Another individual commented, "In China it is better to keep a low-profile in everything." Others mentioned pressure from some government departments to give only to government organizations.

Regrettably, public skepticism and criticism still confront philanthropy in China and it surely suffers as a consequence. At least half a dozen of those interviewed for this study observed that there is a widespread expectation that the wealthy should give more. One noted that a large donation is met with the expectation that next time the gift should be larger. One interviewee observed, "In philanthropy, not even one mistake is allowed." One interviewee said that the public perception of the wealthy elite is unfavorable, that criticism and suspicion abound, and that giving suffers accordingly.

Interestingly, several interviewees noted that many of those who benefit directly from philanthropy do not show sufficient gratitude, and that the lack of gratitude and recognition may inhibit greater giving. This may derive from the previous situation where the state was expected to provide for all and thus provision and support were seen as a duty, even if reality was different. Individuals grew accustomed to the idea that support should be provided, irrespective of where that support came from. Also, as noted above, socialism created a strong sense of entitlement among citizens and the view that people should give back to society. This, when combined with the remaining suspicion about private wealth, could account for the reaction of those receiving help.

### **Looking to the Future**

In many respects, China's philanthropic future is bright. China's economic growth and the associated accumulation of personal





The first generation of Chinese philanthropists are now thinking about how to transfer the spirit of giving to their children.

wealth are expected to continue, providing the potential for continued and indeed higher levels of giving. The impulse to help others is grounded in centuries-old traditional Chinese values. Many of the country's newly wealthy are giving more, and giving more publicly, and may provide important role models for their peers. The new Charity Law is a major step in legitimizing the field and providing a more positive policy environment for the growth and professionalism of the sector. There is also a nascent though growing infrastructure to encourage and support a sustainable philanthropic sector.

This study demonstrates the philanthropic commitments of some of China's most prominent successful business people. As a group, the individuals in this study are guided by strong traditional values, yet eager to adapt Western philanthropic practices that could increase the impact of their own philanthropy. There is a widespread desire to contribute to the advancement of a harmonious society and to the continued development of China's economic strength. Although the study's cohort have a range of philanthropic interests, the fact that education is far and away the principal focus may bode well for society's future.

The positive indicators aside, challenges remain. Further policy changes and guidelines will be needed if the wealthy are to feel more comfortable with their giving. Greater transparency will be required to combat the widespread distrust of foundations and the nonprofit sector. Talent and organizational capacity must be developed and nurtured.

**“Philanthropy is the golden key to unlock the gate of China’s next chapter of modernization.”**

Lui Che Woo

Yet on balance the future for a unique and vibrant “Chinese philanthropy” is promising. Perhaps most promising, there is a palpable optimism among those interviewed that philanthropy in China is likely to grow exponentially in the years ahead. They have bold visions for its size, scale and impact. The interviewees rightly emphasize that both private wealth and modern private philanthropy are young in China. The entrepreneurs among them have typically been focused on the development of their business enterprises; many have not yet had the time or long-term financial stability that often fosters greater giving. Many believe that within as few as 10 years, as more wealth holders have time to devote more of their proven ingenuity and innovation to their philanthropy, the sector will flourish. Its impact on China's future could well be vast. Lui Che Woo may have echoed the sentiments of many when he insisted, “Philanthropy is the golden key to unlock the gate of China's next chapter of modernization.”

# Footnotes

- <sup>1</sup> “The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development, e.g., a long and healthy life; being knowledgeable; and having a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.” For more information, see: <http://hdr.undp.org/en/content/human-development-index-hdi>
- <sup>2</sup> “The Social Progress Index is an aggregate index of social and environmental indicators that captures three dimensions of social progress: Basic Human Needs, Foundations of Wellbeing, and Opportunity.” For more information, see: <http://www.socialprogressimperative.org/faqs/>
- <sup>3</sup> (24 February 2016). *Hurun Global Rich List 2016*. Hurun Report. Retrieved from <http://www.hurun.net/en/ArticleShow.aspx?nid=15703>
- <sup>4</sup> Dasgupta, S. (30 May 2016). “Chinese Billionaires Largely Stay Away From Charity.” VOA. Retrieved from <http://www.voanews.com/a/chinese-billionaires-largely-stay-away-charity/3353470.html>
- <sup>5</sup> Shorrocks, A., Davies, J., Lluberas, R., Koutsoukis, A. (10 October 2016). *Global Wealth Report 2016*. Credit Suisse AG. Retrieved from <http://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=AD783798-ED07-E8C2-4405996B5B02A32E>
- <sup>6</sup> Zeng, J., Shang, A., Chishty, S. (September 2015). *The Evolution of China’s Private Wealth Market*. Bain & Company. Retrieved from [http://www.bain.com/Images/BAIN\\_REPORT\\_The\\_Evolution\\_of\\_China’s\\_Private\\_Wealth\\_Market.pdf](http://www.bain.com/Images/BAIN_REPORT_The_Evolution_of_China’s_Private_Wealth_Market.pdf)
- <sup>7</sup> Feng, R. (18 July 2016). “Alibaba To Host Its First Global Philanthropy Conference This Weekend.” Forbes. Retrieved from <http://www.forbes.com/sites/rebeccafeng/2016/07/08/alibaba-to-host-its-first-global-philanthropy-conference-this-weekend/#72b213fe2a4d>
- <sup>8</sup> Ibid.
- <sup>9</sup> Wildau, G., Mitchell, T. (14 January 2016). “China Inequality Among World’s Worst.” *Financial Times*. Retrieved from <https://www.ft.com/content/3c521faa-baa6-11e5-a7cc-280dfe875e28>
- <sup>10</sup> “China’s Economy Realized a New Normal of Stable Growth in 2014.” (20 January 2015). National Bureau of Statistics of China. Retrieved from [http://www.stats.gov.cn/english/PressRelease/201501/t20150120\\_671038.html](http://www.stats.gov.cn/english/PressRelease/201501/t20150120_671038.html)
- <sup>11</sup> “2015nian shehui fuwu fazhan tongji gongbao” (The 2015 Public Statistical Report on Social Service Development). (11 July 2016). Ministry of Civil Affairs. Retrieved from [mca.gov.cn](http://mca.gov.cn)
- <sup>12</sup> Yang, Tuan (ed.) (2015). *Blue Book of Philanthropy: Annual Report on China’s Philanthropy Development*, Beijing: Social Sciences Academic Press, China.
- <sup>13</sup> UNDP. (2015). *Unleashing the Potential of Philanthropy In China*. United Nations Development Programme.
- <sup>14</sup> (7 June 2016). *Hurun Philanthropy List 2016*. Hurun Report. Retrieved from <http://www.hurun.net/en/ArticleShow.aspx?nid=19761>
- <sup>15</sup> The Foreign NGO Law refers exclusively to the management and operations of foreign philanthropies and nonprofit organizations wishing to work in China, and so is not discussed in detail in this report.
- <sup>16</sup> UNDP. (2015). *Unleashing the Potential of Philanthropy In China*. United Nations Development Programme.
- <sup>17</sup> Lincoln C. Chen, Jennifer Ryan and Tony Saich, “Introduction, *Philanthropy for Health in China: Distinctive Roots and Future Prospects*,” in Jennifer Ryan, Lincoln C. Chen and Tony Saich (eds.), *Philanthropy for Health in China* (Bloomington: Indiana University Press, 2014), p. 5.
- <sup>18</sup> Peng Jianmin (ed.), *China Charitable Giving Report (2013)* (Beijing: Enterprise Management Publishing House, 2014).
- <sup>19</sup> Po-Keung, I. (2014). Harmony as Happiness? Social Harmony in Two Chinese Societies. *Social Indicators Research*, (117)3, pp 719-741. See also: Wei, X. and LI, Q. (2013). The Confucian Value of Harmony and its Influence on Chinese Social Interaction. *Cross-Cultural Communication*, (9)1, pp 60-66.
- <sup>20</sup> Han, A.G. (2008). Building a Harmonious Society and Achieving Individual Harmony. *Journal of Chinese Political Science*, (13)2.
- <sup>21</sup> Wei, X. and LI, Q. (2013). The Confucian Value of Harmony and its Influence on Chinese Social Interaction. *Cross-Cultural Communication*, (9)1, pp 60-66.
- <sup>22</sup> “About the Prize.” LUI Che Woo Prize. Retrieved from <http://www.luiprize.org/en/the-prize/about-the-prize>
- <sup>23</sup> “A Brief Introduction to the Employment Support Program for College Students.” Huamin Charity Foundation. Retrieved from <http://dxsjy.chinahuamin.org/intro.aspx>
- <sup>24</sup> “China Foundation Transparency Index – Huamin Charity Foundation.” China Foundation Center. Retrieved from [http://ftien.foundation-center.org.cn/html/content\\_44.html](http://ftien.foundation-center.org.cn/html/content_44.html)
- <sup>25</sup> Seppala, E. (3 June 2013). “Compassion: Our First Instinct.” *Psychology Today*. Retrieved from <https://www.psychologytoday.com/blog/feeling-it/201306/compassion-our-first-instinct>
- <sup>26</sup> Mahmood, M., & Santos, F. (2011). *UBS-INSEAD Study on Family Philanthropy in Asia*. Zurich, Switzerland: UBS Philanthropy Services and INSEAD.
- <sup>27</sup> Joseph Nye, Harvard Kennedy School professor, developed the term ‘soft power’ in the 1990s. Originally, this included cultural, political values, and foreign policies which could attract and co-opt as opposed to coerce. For more, see: Nye, J. (2004). *Soft Power: The Means to Success in World Politics*. New York: Public Affairs.
- <sup>28</sup> China Philanthropy Project – Ash Center for Democratic Governance and Innovation. Retrieved from <http://chinaphilanthropy.ash.harvard.edu>
- <sup>29</sup> In 2014, Jack Ma and fellow founder Joe Tsai publicly donated 2% percent of Alibaba’s equity to establish a philanthropic trust. For more information, see: Browne, A., Mozur, P. (24 April 2014). “Alibaba’s Jack Ma Sets Up a Philanthropic Trust.” *Wall Street Journal*. Retrieved from <http://www.wsj.com/articles/SB10001424052702304788404579521391392085498>
- <sup>30</sup> Cunningham, E. (2015). China’s Most Generous – Understanding China’s Philanthropic Landscape. Ash Center for Democratic Governance and Innovation. Retrieved from <https://chinaphilanthropy.ash.harvard.edu/uploads/files/7f1fc24e-caae-4f71-acc3-34351713a9ab-china-philanthropy-report.pdf>
- <sup>31</sup> “Xinhua News Agency questions the result of national investigation on left-behind children.” China Development Brief. Retrieved from <http://chinadevelopmentbrief.cn/news/xinhua-news-agency-questions-the-result-of-national-investigation-on-left-behind-children/>
- <sup>32</sup> “Chairman of Tiens Group.” Tiens Group. Retrieved from [http://shahbaztiens.blogspot.com/p/blog-page\\_7980.html](http://shahbaztiens.blogspot.com/p/blog-page_7980.html)
- <sup>33</sup> “Our History - CYDF.” China Youth Development Foundation. Retrieved from <http://en.cydf.org.cn/OurHistory/>
- <sup>34</sup> “Profile of Mr. Chen Yidan.” Chen Yidan Foundation. Retrieved from <http://cydfoundation.org/foundation-2-en.shtml>
- <sup>35</sup> “Welcome from the principals.” Wahaha Bilingual School. Retrieved from <http://hwbs.org/en/aboutus/welcome.html>
- <sup>36</sup> *The Chinese Millionaire Wealth Report 2016*. Hurun Report. Retrieved from <http://up.hurun.net/Humaz/201312/20131218145315550.pdf>

- <sup>37</sup> “Zhao Weiguo.” Tsinghua Holdings. Retrieved from [http://en.tholding.com.cn/2016-08/08/c\\_55163.htm](http://en.tholding.com.cn/2016-08/08/c_55163.htm)
- <sup>38</sup> (19 April 2011). *Hurun Philanthropy List 2011*. Hurun Report. Retrieved from <http://www.hurun.net/EN/ArticleShow.aspx?nid=405>
- <sup>39</sup> (03 May 2015). “Ningbo University receives donation from alumnus.” *China Daily*. Retrieved from [http://www.chinadaily.com.cn/m/ningbo/2015-03/20/content\\_19865855.htm](http://www.chinadaily.com.cn/m/ningbo/2015-03/20/content_19865855.htm)
- <sup>40</sup> UNDP. (2015). *Unleashing the Potential of Philanthropy In China*. United Nations Development Programme.
- <sup>41</sup> (30 October 2014). “Billionaires’ USD 10m gift to Yale stirs debate in China.” *The National*. Retrieved from <http://www.thenational.ae/world/east-asia/billionaires-10m-gift-to-yale-stirs-debate-in-china>
- <sup>42</sup> “Profile of Mr. Chen Yidan.” Chen Yidan Foundation. Retrieved from <http://cydfoundation.org/foundation-2-en.shtml>
- <sup>43</sup> (18 December 2015). “Jingdong Award 2015 scholarship awards ceremony was held.” Renmin University of China. Retrieved from <http://rucef.ruc.edu.cn/displaynews.asp?id=349>
- <sup>44</sup> “Yidan Prize Philosophy – A Loyal Heart.” Yidan Prize Foundation. Retrieved from <http://www.yidanprize.org/en/tp-out-philosophy.php>
- <sup>45</sup> (11 March 2014). “Huamin Charity Foundation donates to help SNNU graduates employed.” Shaanxi Normal University. Retrieved from <http://english.snnu.edu.cn/newshow.php?id=4050>
- <sup>46</sup> Qun, Z. (09 May 2015). “Tycoon’s donation fuels China charity discussion.” *i Cross China*. Retrieved from <http://www.icrosschina.com/insideout/2015/0509/12336.shtml>
- <sup>47</sup> (20 February 2013). “Spring Breeze Action.” Hangzhou Wahaha Group. Retrieved from <http://en.wahaha.com.cn/news/498>
- <sup>48</sup> Fan, J. (2016, November 7). “The Emperor’s New Museum.” *The New Yorker*, 28-33.
- <sup>49</sup> Cunningham, E. (2015). *China’s Most Generous – Understanding China’s Philanthropic Landscape*. Ash Center for Democratic Governance and Innovation. Retrieved from <https://chinaphilanthropy.ash.harvard.edu/uploads/files/7f1fc24e-caae-4f71-acc3-34351713a9ab-china-philanthropy-report.pdf>
- <sup>50</sup> Ping, B. *Tiens Group 20th Anniversary Celebrations Convention*. Speech presented at Revered, Gratitude, Kick-off Tiens Group 20th Anniversary Celebrations Convention. Retrieved from [http://www.tiens.lv/uploads/files/President\\_Bai\\_20th\\_Anniversary\\_Speech\\_ENG.pdf](http://www.tiens.lv/uploads/files/President_Bai_20th_Anniversary_Speech_ENG.pdf)
- <sup>51</sup> (12 August 2016). “Chairman Li Jinyuan Gave an Exclusive Interview to Bloomberg News.” Tiens Group. Retrieved from <http://www.tiens.com/newshow.php?cid=20&id=2306&pid=59>
- <sup>52</sup> Yang, L. (28 December 2014). “Chinese Outbound Philanthropy.” *Forbes*. Retrieved from <http://www.forbes.com/sites/linyang/2014/12/28/chinese-outbound-philanthropy/#1f8696dd4278>
- <sup>53</sup> Huang, Y. (30 May 2014). “Why Has Philanthropy Failed to Take off in China?” *Forbes*. Retrieved from <http://www.forbes.com/sites/yanzhonghuang/2014/05/30/why-has-philanthropy-failed-to-take-off-in-china/#3cf24ae912b6>
- <sup>54</sup> (7 June 2016). *Hurun Philanthropy List 2016*. Hurun Report. Retrieved from <http://www.hurun.net/en/ArticleShow.aspx?nid=19761>
- <sup>55</sup> UNDP. (2015). *Unleashing the Potential of Philanthropy In China*. United Nations Development Programme.
- <sup>56</sup> Conversation with Tao Ze, September 2016.
- <sup>57</sup> Mahmood, M., & Santos, F. (2011). *UBS-INSEAD Study on Family Philanthropy in Asia*. Zurich, Switzerland: UBS Philanthropy Services and INSEAD.
- <sup>58</sup> Yuan, L. (11 December 2013). “2013 One Foundation Warm Bag charity campaign starts in Urumqi.” *China Daily*. Retrieved from [http://www.chinadaily.com.cn/m/xinjiang/urumqi\\_toutunhe/2013-12/11/content\\_17166683.htm](http://www.chinadaily.com.cn/m/xinjiang/urumqi_toutunhe/2013-12/11/content_17166683.htm)
- <sup>59</sup> UNDP. (2016). *Internet Philanthropy in China – Trends in China’s Charitable Landscapes*. 2016 Information for United Nations Development Programme, China.
- <sup>60</sup> “Overview.” China Foundation Center. Retrieved from <http://en.foundationcenter.org.cn/mission.html>
- <sup>61</sup> China Charity Alliance. LinkedIn. Retrieved from <https://www.linkedin.com/company/china-charity-alliance>
- <sup>62</sup> “Background.” China International Philanthropy Movie Festival. Retrieved from <http://www.cipmf.com/en/gk.shtml>
- <sup>63</sup> (05 September 2016). “China celebrates its first ever Charity Day.” China Development Brief. Retrieved from <http://chinadevelopment-brief.cn/news/china-celebrates-its-first-ever-charity-day/>
- <sup>64</sup> (22 January 2010). “China Charity Awards 2009.” *China.org.cn*. Retrieved from [http://www.china.org.cn/environment/2010-01/22/content\\_19290447.htm](http://www.china.org.cn/environment/2010-01/22/content_19290447.htm) See also: Bray, D., Jeffreys, E. (2016). *New Mentalities of Government in China: Routledge studies on China in transition 50*. Routledge Ltd. (President Hu Jintao became the first government and Party leader to present philanthropy as crucial to China’s economic development and modernization, when he gave a speech to announce the award winners in December 2008. The speech, which a report in the People’s Daily described as a mobilization directive, called on Chinese citizens from all walks of life to help develop a philanthropic culture in the PRC, in order to realize a moderately affluent and harmonious society as soon as possible.)
- <sup>65</sup> Bray, D., Jeffreys, E. (2016). *New Mentalities of Government in China: Routledge studies on China in transition 50*. Routledge Ltd.
- <sup>66</sup> Ibid.
- <sup>67</sup> Jiang, C. (25 September 2013). “Chinese Deterred From Donating to Their Country’s Dubious Charity Sector.” *Time*. Retrieved from <http://world.time.com/2013/09/25/chinese-deterred-from-donating-to-their-countrys-dubious-charity-sector/>
- <sup>68</sup> Chiu, J. (21 September 2016). “Charity Overhaul in China, but only with Government approval.” *IRIN*. Retrieved from <https://www.irinnews.org/analysis/2016/09/21/charity-overhaul-china-only-government-approval>
- <sup>69</sup> Foundation Transparency Index, Retrieved from [ftien.foundationcenter.org.cn](http://ftien.foundationcenter.org.cn)
- <sup>70</sup> Easterly, W. (2006). *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin Press.
- <sup>71</sup> Wike, R., Hozwart, K. (2007). *Pew Global Attitudes Survey*. Pew Research Center. Retrieved from <http://www.pewglobal.org/2008/04/15/where-trust-is-high-crime-and-corruption-are-low/>
- <sup>72</sup> UNDP. (2015). *Unleashing the Potential of Philanthropy In China*. United Nations Development Programme.
- <sup>73</sup> Yang T. et al. ed. (2012). *Blue Book of Philanthropy: Annual Report on China’s Philanthropy Development*, Beijing: Social Sciences Academic Press, China.
- <sup>74</sup> Shrader, A., Zhang, M. (December 2012). *Corporate Philanthropy in China – A Practitioner’s Guide for Foreign Donors*. The Conference Board. Retrieved from <https://www.avpn.asia/wp-content/uploads/2013/01/Corporate-Philanthropy-in-China.pdf>



HARVARD Kennedy School

**ASH CENTER**

for Democratic Governance  
and Innovation

**The Ash Center for Democratic Governance and Innovation**

Harvard University  
124 Mount Auburn Street  
Cambridge, MA 02138  
USA  
[www.hks.harvard.edu](http://www.hks.harvard.edu)