

REEN BOOK OF FOUNDATION

THE DEVELOPMENT OF CHINESE FOUNDATIONS: AN INDEPENDENT RESEARCH REPORT IN 2011

NPO Research Center, Renmin University of China
China Philanthropy Advisors
China Foundation Center
Kang Xiaoguang, Feng Li, Cheng Gang/AUTHORS



社会科学文献出版社
SOCIAL SCIENCES ACADEMIC PRESS (CHINA)

2011

REEN BOOK OF FOUNDATION

THE DEVELOPMENT OF CHINESE FOUNDATIONS: AN INDEPENDENT RESEARCH REPORT IN 2011

NPO Research Center, Renmin University of China

China Philanthropy Advisors

China Foundation Center

Kang Xiaoguang, Feng Li, Cheng Gang/AUTHORS



社会科学文献出版社
SOCIAL SCIENCES ACADEMIC PRESS (CHINA)

图书在版编目(CIP)数据

中国基金会发展独立研究报告. 2011 = The Development of Chinese Foundations: An Independent Research Report in 2011: 英文/康晓光, 冯利, 程刚著. —北京: 社会科学文献出版社, 2012. 4
(基金会绿皮书)
ISBN 978 - 7 - 5097 - 3219 - 9

I. ①中… II. ①康… ②冯… ③程… III. ①基金会 - 发展 - 研究报告 - 中国 - 2011 - 英文 IV. ①D632. 1

中国版本图书馆 CIP 数据核字 (2012) 第 045625 号

Cataloguing in Publication Data

The Development of Chinese Foundations: An Independent Research Report in 2011
By NPO Research Center, Renmin University of China

China Philanthropy Advisors

China Foundation Center

Kang Xiaoguang, Feng Li, Cheng Gang

April 2012

ISBN 978 - 7 - 5097 - 3219 - 9

Published by Social Sciences Academic Press (China)

Address: 13f/15f, A/B Tower of Hua Long Plaza, Bldg3, Jia No. 29,

Beisanhuan Zhonglu, Xicheng District, Beijing, P. R. China

Postcode: 100029

© 2012 by Social Sciences Academic Press (China)

Editor: Li Xiang

Printed in China

Price: 98 RMB

All rights reserved. No part of this book may be reproduced by any means without written permission from the publisher.

Prologue

As one type of key organizations today, the foundations in China have rapidly developed over the course of the past three decades. The data from the China Foundation Center showed that up to February 18, 2011 China's foundations totaled 2,094, of which 1,069 were public offering foundations (POF) and 1,025 were non-public offering foundations (NPOF). While the Chinese foundations have increased in number at a steady rate, especially during the recent decade, the NPOFs have grown at a much quicker speed. In the recent years the Chinese foundations have increased in total assets. In 2008, the 100 largest foundations in China possessed the assets worthy of 22.59 billion yuan. In 2009, these foundations' assets valued at 23.54 billion yuan and increased by 4.2% compared to 2008. In addition to the rapid rise of the total assets owned by these organizations, China's foundations have raised a great deal of monetary funds from a variety of sources, attracted comprehensive voluntary services from both individuals and various social groups, and enjoyed favorable policy support offered by the Chinese government. Now a key question needs to be answered: What functions have these foundations in China been offering?

According to the *Regulations on Foundation Administration* promulgated by the State Council (*guowuyuan*) in 2004, POFs must spend 70% or more of their total revenues gained in the previous year for public charity in the current year, while NPOFs must have a public spending for the current year equal to 8% or more of the fund balance in the previous year. In fact, as a general rule, foundations do not necessarily have to spend all the money that they have in a particular year. Foundations can also conduct certain investment-related activities to receive extra return. Thus, it usually takes a certain period of time for the public to observe substantial social benefits from public charity offered by foundations. In reality, it can be observed that some foundations had public expenditure much less than the *Regulations* required. It could even be the case



that some foundations had no public spending at all on record. In addition, although in principle foundations are subject to the regulations concerning their social accountability and information transparency, the reality is not satisfactory in today's China.

Thirty years have passed since 1981 when China had its first foundation. Today's China has the second largest economy in the world measured by GDP. Although the Chinese foundations have increased alongside by China's economic growth in the past three decades, the overall development of these foundations has been far behind in scale, unable to satisfy a variety of needs driven by China's recent economic development. For example, in 2009 the 1,288 largest Chinese foundations on record possessed assets of 38.9 billion yuan. In the same year, the Bill & Melinda Gates Foundation in the United States (US) owned assets of 354.6 billion yuan. This means that China's 1,288 largest foundations on record had only about 11% of total assets owned by one single US foundation. In addition to the small scale, the Chinese foundations have been focused on non-public offerings, and public offering foundations have much less availability. Moreover, China's foundations have uneven regional distribution; more foundations are located in developed regions, but fewer in undeveloped regions where resources are relatively scarce and the needs for foundations are in fact much bigger.

The following related research questions guided the study:

- What functions have China's POFs provided over the course of the past three decades? What role have China's NPOFs played, especially in the recent years?
- How have China's foundations spent their money and in what ways?
- Which social groups have benefited from the services offered by China's foundations? What social problems have been solved by these services? What social impacts have been produced? What implications has the development of China's foundations had on the Chinese society in general?
- What factors help explain the development of Chinese foundations and their social functions? What obstacles are facing today's foundations in China?
- What is the future of China's foundations? What approaches should these foundations adopt for further development?

In 1989 the "Hope Project" (*xiwang gongcheng*) was successfully erected by China Youth Development Foundation and in years afterwards represented



the leading pattern of public charity and public participation in China. Chinese citizens well learned from the “Hope Project” not only the professional functions of foundations, but also citizens’ responsibility for public participation. From this particular project, the Chinese people have realized that Chinese citizens should make their contributions to ensuring every child’s education opportunities. It was also well understood that foundations as professional organizations must function as a bridge linking contributors and beneficiaries, a delivery person for cultural values, and an enabler for social change. Since then the Chinese foundations have experienced various changes in both quantity and quality. For instance, China’s foundations have paid more attention to the services concerning the beneficiaries’ long-term development, focusing less on the services that offer immediate assistance. Accordingly, they have also focused on the operating strategies that help benefit diverse social groups and promote long-term effects. In addition, the government-initiated foundations have gradually gained their autonomy and integrated themselves into the society in more effective ways. Moreover, more and more foundations have explored their own development strategies and actively involved in numerous experiments and innovations, and some have gained serious attention from social media. In particular, the Chinese foundations have begun to urge the Chinese government to improve information transparency, and in this sense, today’s foundations are not simply the organizations supervised and regulated by the government as they used to be. However, despite in great transition, China’s foundations as a whole are being faced with a number of challenges and obstacles.

What role the Chinese foundations can and will play in China’s overall development in the future depends on the social environment which these foundations are exposed to, the needs driven by China’s development, and the goals of China’s foundations as well as their developmental strategies and capacities. This study’s goal is to examine these issues. The authors aim to offer a careful assessment of the development and trend of the Chinese foundations and inform policy debates around regulating and managing these foundations, contributing to the knowledge of how to improve transparency and effectiveness of the Chinese foundations.

It is worth noting that our research represents the very first step in this field. The data collection of China’s foundations is still in its infant phase. In



the process of conducting this study, we have been challenged by numerous difficulties stemming from data limitation.

However, the issues examined in this study have significant theoretical and empirical implications. The authors believe that the Chinese foundations can and will become the leading organizations in the “third sector” (*di san bumen*) and play an active and important role in China’s social changes , particularly in constructing a harmonious Chinese society. Not only the Chinese people but every citizen in the international community will benefit from the development and prosperity of this group of modern organizations.

Xu Yongguang

A Brief Introduction: Chinese Foundations Growing in Transition

Three decades have passed since 1981 when China's first foundation was established. During this period, the Chinese foundations have grown at a steady rate alongside by China's political, economic, social, and cultural changes. It can be observed that the Chinese foundations have experienced fundamental transformations and simultaneously advanced themselves in numerous aspects. This report is based on an independent study conducted by our research team. The main data on the Chinese foundations including their numbers, assets, income, expenses, and human resources were provided by the Chinese Foundation Center. The data on the functions of the Chinese foundations was built on a sampling survey conducted by our research team.

A. The Transition of the Chinese Foundations in Number

140 foundations were registered in the 1980s; 386 foundations were registered in the 1990s; since 2000 there have been 1,388 foundations that gained their registration. It is clear that the Chinese foundations have increased in number in the last three decades. In particular, compared to the 1980s and 1990s, the recent decade witnessed the quickest and most increase on foundation registration.

Whereas national foundations have increased at a relatively steady rate, local foundations have increased more rapidly. In the 1980s there were 111 local foundations that received registration, and in the 1990s the number was 340. After 2000 newly-registered local foundations were 1,312. From the 1980s to 1990s the newly-registered local foundations increased by 206%. The increase rate was 286% from the 1990s to the 2000s. As for national foundations, the newly-registered increased from 29 in the 1980s to 46 in the 1990s, and the increase rate was 59%. Compared to the 1990s, the newly-registered national



foundations increased by 65% after 2000, from 46 to 76.

In the 1980s and 1990s, about half of newly-registered foundations had a registration fund of 4 million-8 million yuan. After 2000 43.8% of newly-registered foundations had a registration fund of 2 million-4 million yuan. 40.9% of newly-registered foundations had a registration fund of 4 million-8 million yuan. Thus, among the foundations registered after 2000, the foundations with less registration funds increased.

In terms of total assets possessed by the Chinese foundations, 46% of the top 100 foundations in the 2009 ranking list were registered after 2000, and 41% in the 1990s.

B. The Changing Operating Areas of the Chinese Foundations

In general the Chinese foundations have relatively stabilized in terms of their operating areas, and no dramatic changes have been observed in the past three decades. Overall the Chinese foundations have been concentrated on education-related areas, social services, communication and cultural affairs, and anti-poverty issues. However, compared to the 1980s, the newly-registered foundations in the 1990s began to involve themselves in the areas such as animal protection, religious affairs, and human resource advancement. This change indicates that the Chinese foundations began to expand their operating areas to those less relevant or irrelevant to poverty or other service issues. The newly-registered foundations after 2000 also expanded their concerns to some new areas such as the one of cultivating youth entrepreneurship. Such a developmental tendency shows that the Chinese foundations have been working in their conventional operating areas and at the same time have developed new functions in response to new social needs and in order to solve new social problems. Currently, the Chinese foundations have the following operating area: education, communication, arts and cultural affairs, services for disabled, children, women, and senior citizens, international affairs, social services, medical assistance and health issues, sports-related affairs, anti-poverty, public affairs, natural sciences, employment, environmental issues, community development, agricultural matters, social sciences, mental health, voluntary services, public security, legal matters, disaster-related issues, human rights, animal protection, religious affairs, human resource advancement, and youth entrepreneurship.



C. The Transition of Laws and Policies on the Chinese Foundations

In “Interpreting the Rules on Foundation Administration”^①, it is stated that the State Council decided to strengthen its regulation on foundations and other civil organizations and in 1986 and 1987 held two official meetings for this purpose. In 1988 the State Council constituted the *Rules on Foundation Administration*, signifying that China’s regulation on foundations became institutionalized. The 1988 *Rule* included 14 stipulations that were centered on three regulatory mechanisms: First, foundation establishment must be applied through corresponding departments. Second, foundation establishment must be approved by the People’s Bank of China. Third, foundations must be registered by the Ministry of Civil Affairs. In addition, foundations must have a registration fund of 100 thousand yuan or more. Regulated by the 1988 *Rules*, the Chinese foundations have played a key role in collecting social funds, satisfying charity needs, cultivating charity cultures, and integrating social forces into charity enterprises, and these organizations have become one of the most important and thriving elements in China’s civil society.

It was not until 1999 that the Ministry of Civil Affairs was fully responsible for foundation registration and administration. In 1999 the People’s Bank of China and the Ministry of Civil Affairs co-issued the “Announcement on converting responsibilities for foundation administration to the Ministry of Civil Affairs.” However, around this time, the *Rules on Foundation Administration* lacked clear stipulations on many issues such as organizational frameworks of foundations, internal decision-making mechanisms, accounting, asset management, and public supervision institutions and so forth. The foundations often encountered numerous challenges and difficulties in practice that the *Rules* had no clear guidelines or instructions for. This situation considerably limited the development of Chinese foundations.

In 2000, the Ministry of Civil Affairs began to revise the old *Rules* based on the previous working experience and the laws and regulations in other countries. On February 11, 2004, the State Council passed the new *Regulations on Foundation Administration*. The new *Regulations* had clearer stipulations on many above-

① See “Interpreting the Rules on Foundation Administration” written by the research group on the project of “Improving the Legal Framework of China’s Civil Organizations,” Oct. 2004.



mentioned issues such as internal decision-making and conflict-solving mechanisms. The new *Regulations* highlighted legal protection for foundations, contributors, and beneficiaries, exhibiting the humanitarian legal spirit. In addition, the new *Regulations* differentiated public offering foundations from non-public offering foundations, created new channels for individuals or private enterprises to build foundations, and therefore effectively attracting social groups to participate in charity activities. But currently the “double administration” (*shuangchong guanli*) on foundations has limited the development of the Chinese foundation. The Ministry of Civil Affairs has urged the State Council to constitute newer regulations on foundations. It is reported that the Ministry of Civil Affairs will likely become the only administrative body that is in charge of foundation registration and other administrative issues. In addition, the issues in debate regarding the limitations on maximum investment-related assets and the donation income are stirring up public discussion. Many are concerned that such limitations may curb the further development of foundations.

D. The Chinese Foundations Co-Varying with China’s Political-Economic Transition

Our analysis shows that the development of Chinese foundations in the past three decades in terms of foundation registration is closely related to China’s economic growth. We have analyzed the numbers of foundation registration in different regions and regional economic development. Our findings suggest a correlation between these two: It appears that in the regions with higher level of economic development the numbers of foundation registration were higher, and relatively underdeveloped regions had less foundation registrations reported. In addition, foundation registration is also relevant to China’s political environment and policy-makings. With benign economic conditions, the development of foundations may still be limited by an unfavorable political environment. For example, China’s public offering foundations still remain closed to civil society, and thus following the promulgation of new *Regulations* in 2004 this group of foundations were not observed to increase as quickly as non-public offering foundations. It can be concluded that in today’s China both power and wealth are determinative factors for foundation registration. We can predict that the Chinese foundations will grow steadily if their external environments and especially their political-economic environments continue to be supportive or become more favorable.



CONTENTS

A Brief Introduction: Chinese Foundations Growing in Transition	/ 001
--	--------------

Gr I Overview of Chinese Foundations

Gr.1 Chapter One Numbers by Foundation Type	/ 001
1. Numbers of Public Offering Foundations, Non-Public Offering Foundations, National Foundations, and Local Foundations	/ 001
2. Numbers of Foundations by Administrative Region	/ 004
3. Numbers of Foundations by Registration Year	/ 010
4. Numbers of Foundations by Registration Fund	/ 014
5. Numbers of Foundations Terminated	/ 019
6. Factors of Impacting Foundation Registration	/ 020
Gr.2 Chapter Two Total Assets	/ 028
1. Total Assets of Foundations in 2008 and 2009	/ 028
2. Total Assets in 2008 and 2009: the Top 100 Foundations	/ 031
Gr.3 Chapter Three Income	/ 037
1. Total Income of Foundations in 2008 and 2009	/ 037
2. Total Income in 2008 and 2009: the Top 50 Foundations	/ 041
3. Total Income in 2008 and 2009: the Top 50 POFs	/ 043
4. Total Income in 2008 and 2009: the Top 50 NPOFs	/ 045



5. Donation Income of Foundations in 2008 and 2009	/ 047
6. Donation Income in 2008 and 2009: the Top 100 Foundations	/ 050
7. Donation Income in 2008 and 2009: the Top 50 Foundations	/ 053
8. Donation Income in 2008 and 2009: the Top 50 POFs and NPOFs	/ 056
9. Domestic Donation Income of Foundations in 2008 and 2009	/ 058
10. Domestic Donation Income in 2008 and 2009: the Top 100 Foundations	/ 060
11. Foreign Donation Income of Foundations in 2008 and 2009	/ 062
12. Foreign Donation Income in 2008 and 2009: the Top 100 Foundations	/ 063
13. Donation Income from Domestic Individuals of Foundations in 2008 and 2009	/ 066
14. Donation Income from Domestic Individuals in 2008 and 2009: the Top 100 Foundations	/ 067
15. Donation Income from Domestic Legal Persons and Other Organizations of Foundations in 2008 and 2009	/ 072
16. Donation Income from Domestic Legal Persons and Other Organizations in 2008 and 2009: the Top 100 Foundations	/ 074
17. Donation Income from Foreign Individuals in 2008 and 2009: the Top 50 Foundations	/ 077
18. Donation Income from Foreign Legal Persons and Other Organizations of Foundations in 2008 and 2009	/ 082
19. Donation Income from Foreign Legal Persons and Other Organizations in 2008 and 2009: the Top 50 Foundations	/ 084
20. Income from Governmental Subsidies of Foundations in 2008 and 2009	/ 088
21. Income from Governmental Subsidies in 2008 and 2009: the Top 100 Foundations	/ 088
22. Investment Income of Foundations in 2008 and 2009	/ 092
23. Investment Income in 2008 and 2009: the Top 100 Foundations	/ 094



24. Investment Income as a Share of Total Income of Foundations in 2008 and 2009	/ 097
25. Service Income of Foundations in 2008 and 2009	/ 100
26. Service Income of Foundations in 2008 and 2009: the Top 10 Foundations	/ 101
G.4 Chapter Four Expenses	/ 103
1. Total Expenses of Foundations in 2008 and 2009	/ 103
2. Total Expenses in 2008 and 2009: the Top 100 Foundations	/ 106
3. Total Expenses in 2008 and 2009: the Top 100 POFs	/ 108
4. Total Expenses in 2008 and 2009: the Top 100 NPOFs	/ 111
5. Charitable Expenses of Foundations in 2008 and 2009	/ 113
6. Charitable Expenses in 2008 and 2009: the Top 100 Foundations	/ 113
7. Charitable Expenses in 2008 and 2009: the Top 100 POFs and NPOFs	/ 116
8. Compliance of Charitable Expenses of POFs and NPOFs in 2008 and 2009	/ 117
9. Administrative Expenses of Foundations in 2008 and 2009	/ 122
10. Administrative Expenses in 2008 and 2009: the Top 100 Foundations	/ 123
11. Employment Compensation and Benefits-Related Expenses of Foundations in 2008 and 2009	/ 127
12. Number of the Foundations without Expenses in 2008 and 2009	/ 128
G.5 Chapter Five Human Resources	/ 130
1. Number of Full-Time Staff of Foundations	/ 130
2. Number of Full-Time Staff in 2009: the Top 50 Foundations in Total Expenses	/ 133
3. Number of Full-Time Staff in 2009: the Top 50 Foundations in Total Assets	/ 134



G.6 Chapter Six Functions	/ 136
1. Operating Areas and Features	/ 136
2. Who are to Be Served	/ 142
3. Where to Conduct Programs and Services	/ 156
4. How to Conduct Programs and Services	/ 162
5. Collaborators	/ 162
6. Operating Strategies and Methods	/ 165
7. Official Websites and Information Disclosure	/ 173

G II Ranking Lists of Chinese Foundations

List 1	Top 100 Foundations in 2009, by Level of Total Assets	/ 176
List 2	Top 100 Foundations in 2008, by Level of Total Assets	/ 179
List 3	Top 50 Foundations in 2009, by Level of Total Income	/ 182
List 4	Top 50 Foundations in 2008, by Level of Total Income	/ 183
List 5	Top 50 POFs in 2009, by Level of Total Income	/ 185
List 6	Top 50 POFs in 2008, by Level of Total Income	/ 186
List 7	Top 50 NPOFs in 2009, by Level of Total Income	/ 188
List 8	Top 50 NPOFs in 2008, by Level of Total Income	/ 189
List 9	Top 100 Foundations in 2009, by Level of Donation Income	/ 191
List 10	Top 100 Foundations in 2008, by Level of Donation Income	/ 194
List 11	Top 50 POFs in 2009, by Level of Donation Income	/ 197
List 12	Top 50 POFs in 2008, by Level of Donation Income	/ 198
List 13	Top 50 NPOFs in 2009, by Level of Donation Income	/ 200
List 14	Top 50 NPOFs in 2008, by Level of Donation Income	/ 202
List 15	Top 100 Foundations in 2009, by Level of Domestic Donation Income	/ 203
List 16	Top 100 Foundations in 2008, by Level of Domestic Donation Income	/ 206



List 17	Top 100 Foundations in 2009, by Level of Foreign Donation Income	/ 209
List 18	Top 100 Foundations in 2008, by Level of Foreign Donation Income	/ 212
List 19	Top 100 Foundations in 2009, by Level of Donation Income from Domestic Individuals	/ 215
List 20	Top 100 Foundations in 2008, by Level of Donation Income from Domestic Individuals	/ 219
List 21	Top 100 Foundations in 2009, by Level of Donation Income from Domestic Legal Persons and Other Organizations	/ 222
List 22	Top 100 Foundations in 2008, by Level of Donation Income from Domestic Legal Persons and Other Organizations	/ 225
List 23	Top 50 Foundations in 2009, by Level of Donation Income from Foreign Individuals	/ 228
List 24	Top 50 Foundations in 2008, by Level of Donation Income from Foreign Individuals	/ 230
List 25	Top 50 Foundations in 2009, by Level of Donation Income from Foreign Legal Persons and Other Organizations	/ 232
List 26	Top 50 Foundations in 2008, by Level of Donation Income from Foreign Legal Persons and Other Organizations	/ 233
List 27	Top 100 Foundations in 2009, by Level of Income from Governmental Subsidies	/ 235
List 28	Top 100 Foundations in 2008, by Level of Income from Governmental Subsidies	/ 238
List 29	Top 100 Foundations in 2009, by Level of Investment Income	/ 241
List 30	Top 100 Foundations in 2008, by Level of Investment Income	/ 244
List 31	Top 100 Foundations in 2009, by Percentage of Investment Income among Total Income	/ 247
List 32	Top 100 Foundations in 2008, by Percentage of Investment Income among Total Income	/ 250



List 33	Service Income of 43 Foundations in 2009	/ 253
List 34	Service Income of 48 Foundations in 2008	/ 255
List 35	Top 100 Foundations in 2009, by Level of Total Expenses	/ 256
List 36	Top 100 Foundations in 2008, by Level of Total Expenses	/ 259
List 37	Top 100 POFs in 2009, by Level of Total Expenses	/ 262
List 38	Top 100 POFs in 2008, by Level of Total Expenses	/ 265
List 39	Top 100 NPOFs in 2009, by Level of Total Expenses	/ 268
List 40	Top 100 NPOFs in 2008, by Level of Total Expenses	/ 271
List 41	Top 100 Foundations in 2009, by Level of Charitable Expenses	/ 274
List 42	Top 100 Foundations in 2008, by Level of Charitable Expenses	/ 277
List 43	Top 100 POFs in 2009, by Level of Charitable Expenses	/ 280
List 44	Top 100 POFs in 2008, by Level of Charitable Expenses	/ 283
List 45	Top 100 NPOFs in 2009, by Level of Charitable Expenses	/ 286
List 46	Top 100 NPOFs in 2008, by Level of Charitable Expenses	/ 289
List 47	Top 100 Foundations in 2009, by Level of Administrative Expenses	/ 292
List 48	Top 100 Foundations in 2008, by Level of Administrative Expenses	/ 295

Gr III Key Events

Gr.7	Key Events	/ 300
Gr.8	Postscript	/ 304
Gr.9	Acknowledgments	/ 307