

China Philanthropy News

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China Philanthropy News is produced by Grantmaker Without Borders (Gw/oB) as a service to grantmakers and donors interested in philanthropic engagement with China. For more information on Grantmakers Without Borders, visit www.gwob.net. To suggest a posting or to subscribe or unsubscribe to *China Philanthropy News*, send an email to john@gwob.net.

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**“Just Giving: Global Social Change Philanthropy”: Gw/oB’s 7th Annual Conference
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NEWS

1. US-based foundations meet to exchange information and experiences on China.

A group of some twenty US foundations working in China met in September at the office of Rockefeller Brothers Foundation. The day-long convening was intended to facilitate the exchange of information and experience among foundations interested in China. Several major themes emerged in the dialogue. The legal and regulatory framework for the nonprofit sector, including foundations, continues to evolve, with the timing and specific outcomes difficult to predict. Coordination is generally lacking between funding bodies, and more information sharing is needed. There are many challenges for funder engagement on the ground, including achieving scale, underdevelopment of local civil society, a disconnect between national policy and local implementation, recent tightening of surveillance of NGOs, and possible suspicion of foreign (particularly US) funders. Strategies for constructive engagement that were discussed included establishing trust with prospective grantees and relevant officials, showing how efforts can serve the interests of businesses and government, and fostering ties between groups in China and counterparts elsewhere in Asia and the West.

2. Chinese billionaire to distribute more than US\$1 billion to charity

Li Ka-shing, the 78-year-old billionaire owner of Hutchison Whampoa, has indicated that he will give at least a third of his wealth to his charitable foundation. The Li Ka-shing Foundation has disbursed or committed almost 8 billion Hong Kong dollars, or US\$1 billion, mostly in Hong Kong and China. "This may spur more philanthropy in Asia," said Michael Troth, Asia Pacific and Middle East head of global wealth structuring at Citigroup's private bank. "An increasing number of our clients are interested in making a positive difference with their wealth and a lot of people look at what Li does when planning their affairs," he said. Li, whom Fortune magazine says is worth \$18.8 billion, joins fellow billionaires, including Bill Gates and Warren Buffett, in pledging to give away a substantial portion of their wealth. Reported by International Herald Tribune at http://www.ihrt.com/bin/print_ipub.php?file=/articles/2006/08/24/bloomberg/bxshake.php.

3. Non-profit in China manages to decrease its reliance on international donors

An independent non-profit organization that provides community-based care for mentally handicapped youth is managing to raise enough funds in China to expand its services without increasing dependence on international donors. The Huiling network, which now has ten service centers in major cities across China, is recovering 40% of its costs from fees and local fundraising,

according to its founder, Meng Weina. In Beijing, the Huiling branch is located in a traditional courtyard close to the Forbidden City, and Meng and her colleagues have turned this location to their advantage. Since 2003 a tourist agency has integrated a stop at the courtyard into a city tour that takes an average of three tour groups a week. As well as seeing a traditional Beijing *hutong* (alley) and courtyard, the tourists have an opportunity to learn about Huiling's work and sample snacks prepared by Huiling's young clients who also give short *kuaiban* shows (a traditional Chinese performance technique, somewhat akin to rap, with a rhythm accompaniment). Last year, Huiling earnings from the tours topped CNY 250,000 (USD 31,250). In Xi'an, another magnet for foreign tourists, Huiling receives tourists on premises loaned to Huiling by the local Catholic Church. This generated more than CNY 100,000 (USD 12,500) last year in income for the Xi'an branch. In Guangzhou, Huiling has been organizing an annual, "walkathon" on May 21, officially designated as National Disability Day. The walkathon, Meng says, has become a social occasion for many Guangzhou citizens, and the funds raised have increased by 50% each year to top CNY 80,000 (USD 10,000) in 2006. Other fundraising initiatives include a charity concert held in 2005 and the sale of artwork and handicrafts made by Huiling's mentally handicapped youngsters. Huiling's fundraising success is all the more notable in an unclear legal context that limits opportunities for organizations started by private citizens. Only officially approved foundations have a clear right to engage in public fundraising, and permission to place collection boxes in public places is granted only to a handful of government-initiated agencies such as the China Charities Federation, China Red Cross Society, China Children and Teenagers Fund and China Youth Development Foundation. Social organizations and people-run non-enterprise units are allowed to receive donations but generally only solicit funds privately. Report by Tina Qian, July 14, 2006.

4. Progress is being made on "Charity Law"

The International Journal for Civil Society Law reports that the Ministry of Civil Affairs Bureau of Legislative Affairs and Bureau of NGOs Regulation and Administration are working on amendments to the draft "Charity Law". (The last draft dates from September 15th.) The law aims to define public benefit activities, detail the process for obtaining status as a public benefit organization, provide details as to internal governance, and provide rules on fundraising and fund management, among other matters. At the present time, the draft law is scheduled to go to the Legislative Affairs Division of the Standing Committee of the National People's Congress in December. More at <http://www.iccsl.org/>.

5. President of World Bank criticizes China's role in Africa

World Bank president Paul Wolfowitz has criticized China's government and state-controlled

banks for failing to respect human rights or environmental standards as they expand their search for African natural resources. He noted that large Chinese banks were ignoring international standards for responsible lending such as the voluntary Equator Principles. Wolfowitz further claimed that alongside India and Venezuela, China had begun lending to poor African states that had only recently emerged from heavy debt. Chinese Foreign Ministry spokesman Liu Jianchao called the World Bank president's comments unacceptable and said that China's trade relations with Africa were based on equality and mutual advantage – with improvements to African living standards, as well as economic and social development. More at http://www.global-risks.com/analysis_6.html.

RESOURCES

6. Paper: “Angel or devil?: China's trade impact on Latin American emerging markets”

This paper analyses the long- and short-term trade risks and opportunities on Latin America of China's emergence as a global leader in trade. The paper argues that while countries in south Asia stand to lose out as a result of China's impressive growth, Latin America will largely benefit from it due to their position in supplying China with raw materials. At <http://www.eldis.org/cf/rdr/rdr.cfm?doc=DOC22459>

7. Paper: “China and India: what's in it for Africa?”

This document seeks to fill in the gap in literature concerning the impact of Chinese and Indian growth on African economies. The authors reflect on the rise of China and India, how it has affected African economies and how policies could be designed to minimize the negative impacts, while maximizing Africa's gain from this growth. The emphasis is on global macroeconomics, raw commodity markets, trade links and policies, foreign direct investment by Chinese and Indian multinationals, and governance standards. At <http://www.eldis.org/cf/rdr/rdr.cfm?doc=DOC22415>.

8. Report: "Race to the Bottom: Corporate Complicity in Chinese Internet Censorship"

This Human Rights Watch report criticizes corporations over internet censorship in China. It describes how various companies, including Yahoo, Microsoft, Google, and Skype, are aiding the Chinese government in its efforts to prevent citizens from accessing information deemed politically sensitive. At www.hrw.org/reports/2006/china0806.

AT GW/OB

9. Gw/oB announces the hiring of our new Advocacy Coordinator

Gw/oB is very pleased to announce the hiring of Vanessa Dick, who recently stepped into the newly created position of Advocacy Coordinator. Vanessa will coordinate the development and implementation of an advocacy strategy to improve the regulatory and legal framework for international grantmaking from the US. In addition, she will oversee the development of a training curriculum on legal and regulatory issues relevant to international grantmaking geared towards lawyers, philanthropic advisors and financial advisors. Prior to joining Gw/oB, Vanessa was the Nonprofit Advocacy Fellow at Alliance for Justice. Vanessa graduated from the University of Cincinnati Law School in 2005 and, prior, from the University of Tennessee Chattanooga with degrees in Anthropology and International Humanities.

GRANTMAKER PROFILE

10. Interview with Geri Kunstadter, Albert Kunstadter Family Foundation; August 23rd, 2006

Q How long has your organization been making grants to China?

A The first grants we made in China were in 1987.

Q What was the original motivation for your foundation's involvement in China, and has it changed over the years?

A It was a personal involvement that I had that went back to 1946 when I was an undergraduate at MIT and shared a house with a young Chinese graduate student in architecture. I became extremely interested in China through her. And even though she returned to China in 1950, and there was no way for me to have any kind of relationship through the years—back then you didn't even have mail service to China—I just kept that deep interest in what was going there.

Years later, in 1981, I was on the board of the Yale China Association and took a trip to China. I had a very strange experience in Shanghai that told me I had to look for my old friend, though I didn't think she was still alive: her health had been very fragile, and I didn't think she'd survived the Cultural Revolution. However, I managed to find her, and I went back to China to see her. While there, she asked me to meet with members of the Architectural Society of China. I met with thirteen older architects, and each of them had stacks of pages from old architecture catalogues. They asked me to help them create a library of architectural books from 1950 to 1980. They had no books during those many years, and they didn't understand how architecture

in the West had gone from what they knew in the 1950's to what they were seeing in the 1980's.

So, I helped them assemble a library. I went to the architecture libraries at MIT and Columbia, where they provided me with books for de-accession and allowed me to take as many as I needed. Over the course of four years, I was able to get them a fantastic collection of books. After those four years, we then made our first grant to the Architectural Society of China to buy books for their library and we haven't stopped since. We now longer give them money for books—Now our funding is for other things, such as prizes for young architects.

We've also funded another library in Beijing, the Beijing Academy of Social Sciences, books to be used in their US-China Relations department. We also funded their seminar series, run by the Beijing Society for Contemporary International Studies. For the last 4 years, we've been funding a new institute at Tsinghua University, called the Institute for International Studies, run by a remarkable professor, Yan Xuetong. Our funding is now used for stipends of graduate students at the Institute. We were also one of the early supporters of Friends of Nature [the first independent NGO in China].

Q What is the range of grant size?

A Usually in China it's been \$5,000. We've done some funding for up to \$10,000, but we don't do that any more.

The foundation is working towards closing down, though we're not sure when. During my late husband's final illness, we started giving away up to 20% of our corpus each year and in a couple of years that brought us from 4 million down to 2. We are now just over 1 million. With what's left we want to try to continue to do some of the international grantmaking that no one else does in China, Vietnam and Cambodia.

Foundations are changing the way they work. They are not responsive as they were in the past, and it makes me very sad. They feel they are the experts, and they want to tell NGOs what to do. I've been seeing this trend over the last 8 to 10 years. I sit on 5 nonprofit boards, so I'm always trying to help them raise money. In my role as a board member of one particular nonprofit, the president and I went to a foundation I shall not name. We met with a staff person there, then the president met with this person at great length, after which our president was asked to send more information. For about six months it was, "please send more, please send more..." And after 6

months, the person said, "I don't think we can fund your program because we don't have anyone on staff who is expert in what you do." Excuse me, but you shouldn't have the people in the foundations telling the experts in the field what to do. We have always felt that foundations are supposed to be responsive; they are not supposed to tell the experts what to do. I am happy that my husband, John, and I were able to be so profligate for a little while and were able to fund so many thoughtful experts to do what they do so well.

Q How is your China grantmaking program managed?

A I make two trips a year to China. None of the expenses for my travel are borne by the foundation; I pay for them myself. I make four or five visits to Asia every year, visiting sites in China, Vietnam and Cambodia—we used to do funding in Lao PDR but no longer have projects there. I know the people, I see how the money is used and how they use other money given to them. They know I'm coming and are very responsive when it comes to giving me very good financial information, including all their receipts.

There have been times over the years when we've made a small grant to a village entity: \$2,000 dollars in a place where a teacher earns a few dollars a month. In these cases you have to go there and explain that there are laws in the US just as there are in China, and that if the money is misused, we won't be able to fund them anymore. They understand, and they've always been so responsible. We've never had anyone abscond with money. But you have to have a presence there.

We ask for a two-page proposal, maximum. If they can't explain to us in two pages what they want to do with the money, we can't work with them. We don't have guidelines. We are only trying to do good well, and to respond to what it is they want to do. We've done that in every country in which we've worked, always responding to grassroots organizations and their needs. And it's amazing how effective they can be. When you respond like that, they can accomplish so much. We've always had a little mantra at the foundation: Be responsive and responsible, be innovative and a risk taker.

Q What if anything do you find different about making grants in China versus other developing countries?

A The same thing applies: You have to know the people, come to some agreement with them have a level of respect and you have to get good reporting. You also have to have a basic feeling

for people. You can't just trust everybody. You can't always believe everything you hear and sometimes you will fail. You don't give large amounts of money to someone you don't know, and you don't put them in harms way by giving them too much money at once. It's something they've never had before, and the temptation is so great. In many places in China now, people's situation is much better economically, but you have to realize whom you're dealing with. Send more money only when you've gotten a report on the last grant you made.

Q What do you think the impact of your foundation has been in the many years you've been working in China?

A We've certainly had an impact on architecture in China, and we've helped them become modern architects. In our small way, we've had an impact on those people whose lives have been touched by the work we've funded.

I now sit on the board of Bridge to Asia, which sends books to China. The Ministry of Education has told them that they now provide 50 to 75 percent of all books on the shelves of Chinese universities. The universities are in dire need of useful books and Bridge fills part of that need. However, it is very hard to find funding for this sort of program. We have funded bridge to Asia for many years and although we make those grants in the US, we consider them to be part of our China grantmaking.

Q If you could offer just one piece of good advice to funders interested in working in China for the first time, what would it be?

A Find an organization here in the US that's working in China and ask them to help introduce you to organizations and people in China. You could check with the National Committee for US/China Relations, the Yale China Association, or any of the many good organizations working in China. Ask them if they know of someone working on the issue you're interested in, and see if you can travel with them to China. If you know Americans working in China, see if they've heard about any local organizations. Once you've gone to China and met some people, go again and again to meet more people. There are lots of wonderful things going on, you just have to find someone who knows about them. It is very exciting to give people the opportunity to do what they know should be done for their own community.

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ABOUT GRANTMAKERS WITHOUT BORDERS

Grantmakers Without Borders is a philanthropic network dedicated to increasing funding for international social justice and environmental sustainability. Our members, presently numbering more than 100 grantmaking entities, include private and public foundations, individual donors, and other allies in philanthropy. Grantmakers Without Borders taps into this wealth of resources to encourage globally minded grantmaking and provide learning opportunities for global donors. For those new to the field, we provide peer-to-peer guidance on international grantmaking. For current international funders, we offer a space for continued learning and community. In all our efforts, Grantmakers Without Borders is committed to the ideals of justice, equity, peace, democracy, and respect for the environment. We value and respect the wisdom and experience of local communities in all their diversity, and we are dedicated to amplifying the voice of the global South in international philanthropy. Founded in 2000, Grantmakers Without Borders is a project of the Tides Center.

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