

# Policy Forum 09-040: China Civil Society Report: Charitable Donation in China



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# China Civil Society Report: Charitable Donation in China

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By Jia Xijin and Zhao Yusi

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## I. Introduction

Jia Xijin, Associate Professor at the NGO Research Center at Tsinghua University, and Zhao Yusi, Project Assistant of NGO Research Center at Tsinghua University, describe the increase in donations to NGOs and public charities in China after the snow storm and Wenchuan earthquake. They note

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trends on the source of these donations, the organizations receiving them, and the oversight and transparency involved in the donation process.

The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Nautilus Institute. Readers should note that Nautilus seeks a diversity of views and opinions on contentious topics in order to identify common ground.

## **II. Article by Jia Xijin and Zhao Yusi**

- "China Civil Society Report: Charitable Donation in China"

By Jia Xijin and Zhao Yusi

According to statistics the total charitable donation in China in 2008 reached 107 billion RMB (15.7 billion US dollars), three times what it was in 2007, with an annual growth rate of 246%. Much of this increase was in response to disasters such as the snow storms and the May 12 earthquake in Wenchuan.

On April 24th, 2009, the China Charity List 2009 was issued, sponsored by Ministry of Civil Affairs, All China Federation of Trade Unions, and twenty other NGOs. This list is a comprehensive summary of the donations given in China last year. According to the list there are 900 charitable enterprises that received donations of more than 1 million RMB (\$146,500 US), twice as many as in 2008. Among them twenty enterprises have donated over 100 million RMB (14.6 million USD), and 313 enterprises over 10 million (1.46 million USD), with a total donation fund of 12.1 billion RMB (1.77 billion USD). There are 118 entrepreneurs on the list, around the same number as last year. Four entrepreneurs have donated over 100 million RMB (14.6 million USD), twenty-eight entrepreneurs over 10 million (1.46 million USD), with a total donation fund of nearly 1.7 billion RMB (250 million USD).

### **Distribution of Main Donors**

The list demonstrates that developed areas in China are helping the underdeveloped areas. Most donors recognized on the China Charity List came from economically developed provinces. Among the 900 enterprises that received donations 210 of them had their headquarters in Beijing, accounting for 23.3% of the total, far more than most other eastern coastal cities. There were 87 enterprises with headquarters in Shanghai, 56 in the Jiangsu-Zhejiang area, and 54 in Guangzhou province. Donations from private enterprises accounted for 42.7%, or around 5 billion RMB (730 million USD), much higher than the donations from state-owned and foreign-invested enterprises.

At present, private enterprise accounts for over 50% of the national GDP. Domestic private investment has increased nearly 30% over the last five years. This huge growth has made an impact on public charities. Private enterprises in China have become an important force to promote the development of charity in the country.

The charity level of a city depends on two factors: one is its level of economic development, the other is the value that the city places on charity. The eastern coastal provinces and cities have frequently been the territories most supportive of charitable enterprises. For example Guangdong province has a large population of overseas Chinese. The returned Chinese have not only brought back wealth but also the concept of charitable giving. The Jiangsu-Zhejiang area has a rich history of entrepreneurship and is the birthplace of many private enterprises. Grateful for favors they received, many enterprises began to give back after they became established firms.

### **Donation Channels are Relatively Few**

Analysis of the China Charity List 2009 demonstrates that, except a few enterprises donating funds directly to private foundations, most of the entrepreneurs choose the "trinity" of institutions: civil affairs departments, the Red Cross, and charity federations. According to related data, this "trinity" of fund-raisers have received 95.55 billion RMB (14 Billion US) worth of funds both directly and indirectly, accounting for 89.2% of the country's total donations. Such centralized donations result in some organizations having a significant amount of funds with no clear purpose for them and leaves other public institutions in need of public support. Of course there is a problem with brand popularity and awareness but, at the same time, the public needs to diversify their support and begin donating to a variety of channels.

### **Awareness and Supervision of Charitable Funds**

The Wenchun Earthquake has aroused the enthusiasm of the public for donations and has tested the credibility of government sectors and charitable organizations. A Beijing survey shows that 95% of citizens have participated in donation activities of various kinds but over 50% worry about the misappropriation of their donations.

In order to make the disaster relief and reconstruction efforts work, leaders of Chinese government have made several important instructions about the use and regulation of charitable funds. Related government sectors have issued "Information Disclosure on the Management and Use of Wenchuan Earthquake Disaster Relief Funds", "Notice on Enhancing Supervision of Disaster Relief Funds and Materials", "Guide to the Use of Wenchuan Earthquake Disaster Relief Funds" and so on. The national audit sectors even performed audits of the enterprises receiving funds and issued audit reports. Sichuan province also collected 208 social supervisors to oversee the distribution of disaster relief fund and materials.

Under the requirements of related sectors and responding to public opinion, some charities have published information about the funds they have received on their official websites or in local media. Serious problems have not been found yet by auditors.

### **III. Nautilus invites your responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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