



Policy Forum 09-054: China Civil Society Report: Solving Cooperation Model between Foundations and Grassroots NGO



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China Civil Society Report: Solving Cooperation Model between Foundations and Grassroots NGO

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By Xu Hui

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I. Introduction

Xu Hui, a reporter with the Public Welfare Times, describe the changing relationship between

foundations, government oriented NGOs, and grassroots NGO in China. He describes the existing relationship between these groups, its benefits and challenges, and the potential value of alternative models.

II. Article by Xu Hui

- "China Civil Society Report: Solving Cooperation Model between Foundations and Grassroots NGO"
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Since 2008 China's public and private foundations have started to allocate funds to help grassroots NGOs implement projects. This cooperation between the two groups is modeled after the development of international privately funded foundations and is seen as a win-win situation for both the foundations and NGOs in China.

On May 21st, 2009, the Narada Foundation held the "NGO Cooperation Forum for 512 Post-Disaster Reconstruction" in Beijing. One focus of the discussion at the Forum was the cooperation between foundations and grassroots NGOs that provide social services. The Secretary-General of the Narada Foundation, Xu Yongguang, noted that in the development of public welfare, if you live better, then I live better. The resource interconnection between public and private foundations and grassroots NGOs, their cooperation and development, are important methods for solving the challenges in the social welfare system and promoting the environment.

After the 512 Wenchuan Earthquake, the Narada Foundaion created a special fund of 10 million RMB, to grant to social organizations involved in disaster relief and post-disaster reconstruction. As at the end of last April the Narada Foundation had received 181 project applications from 141 NGOs, approved 70 proposals, and completed 24 projects. The total funds that have been approved amount to around 7.27 million RMB.

This new cooperation between Foundations and NGOs though begs the question, "are the foundations prepared to support these grassroots NGOs?"

Since it was established on May 11th, 2007 Narada has defined itself as a "granting foundation". It provides funds and resources to promote projects and the development of organizations to support public welfare. Both the Beijing Wantong Public Foundation, established on April 16th, 2008, and the Haicang Charity Foundation, established on December 18th, 2008, also positioned themselves as "granting foundations".

The grants of the Wantong Foundation used to be relatively "conservative". In order to start the ball rolling the new Secretary-General, Li Jing, chose already "famous" NGOs as granting partners. Such grants can not only help Wantong ensure that it is funding mature institutions and projects but also make it easier to attain the expected results and greatly reduce the costs and risks to the Wantong Foundation.

Why do these privately funded foundations position themselves as "granting foundations"? The answer is easy. With the support of powerful investors what the foundation lacks is not money but the teams and the capacity to implement projects. In order to deliver an impact for their investors they have to find satisfying institutions with the capacity to implement and operate public welfare projects. In short they have to find "legs" that can walk. Through these "legs", the aspirations for improved public welfare can take root in the earth and bear visible "fruits".

Liu Wenkui, Deputy Secretary-General of the China Poverty Alleviation Foundation, announced that they planed give ten million RMB to grassroots NGOs, at the "NGO Cooperation Forum for 512 Post-

Disaster Reconstruction". This is not the first time that the Poverty Alleviation Foundation gave resources to grassroots NGOs. Early in 2005 Jiangxi provincial government entrusted the Foundation to call for proposals from grassroots NGOs for implementing a public project. Liu said the Foundation will try to cooperate more with grassroots NGOs on other projects in future.

Creating Public Welfare Chain?

Last year, China Red Cross Foundation had taken 20 million RMB from the 1.3 billion donation fund to publicly invite proposals from domestic NGOs for "512 Post Disaster Reconstruction". This behavior of Red Cross Foundation won a large outpouring of favorable comments and its work was identified as one of the "Ten Events of China Social Organization in 2008" by the Ministry of Civil Affairs.

The field of public welfare demonstrates an effective division of labor between grassroots NGOs and foundations. The foundation has the power and ability to raise funds, leaving project operation to grassroots NGOs. This means that grassroots NGOs can then develop their professional roles after gaining this support from foundations. This has been called the "Industrial Chain of Public Welfare" and many believe that if the chain is clear, then the public will benefit.

However, when viewed from the current operational situations, the behaviors of many foundations are not based on creating ideal public welfare chain but on maximizing the efficient of use of their funds. Of course, this kind of behavior from the foundation still should be encouraged because reducing costs and increasing effect of funds are good activities. The down side however is that the utilitarian choice of which NGOs to support means that often a few excellent NGOs are the apple of foundation's eye while small grassroots NGOs who greatly need resources and to build a certain degree of credibility, are unable to get significant funding from foundations.

A Different Cooperation

Because of the need of "legs" (the need to increase the efficiency of the use of funds), some foundations have started to give more grants to grassroots NGOs which tend to have lower overhead. Most privately funded foundations that are established by entrepreneurs need to find "legs". But do government oriented NGOs (GONGOs), who depend on the government to raise funds and always have a relatively efficient use of funds, need to find "legs"?

Secretary-General of the China Youth Development Foundation Tu Mengming said that under the current structure the Foundation could not take out special funds to support grassroots NGOs. Among the 400 million RMB received in donations last year, only around 1 million came from general donations. All of the 400 million RMB, including the general donations, are restricted funds to be used on specific projects like building schools and helping children.

Under such circumstances the China Youth Development Foundation and grassroots NGOs have adopted another different cooperative model: the Foundation sets the stage to receive donation for these grassroots NGOs and also helps them manage funds and projects. When these grassroots NGOs think they can function on their own they may raise funds independently and break away from the Foundation. Tu Meng believes that this kind of cooperation is much more functional than the division of labor between funding and implementation.

Granting, Done by Those Who Can Afford It

In China many more foundations, especially privately funded foundations, and the government will purchase the services of grassroots NGOs. But trying to make all Foundation be "granting

foundations" is unrealistic: the historical background, resources, mission and ideas of each institution are not the same. Therefore, to maximizing the efficiency of use of funds, each foundation will adopt its own way to operate.

The foundations that positioned themselves as "granting foundations" may take the responsibility as a "point man", to increase the capacity of grassroots NGOs. With the increasing capacity of grassroots NGOs the problems during the cooperation will decrease. The collaboration between foundations and grassroots NGOs will then enter into a new stage of interaction. Based on the same demand for efficiency, since the grassroots NGOs can easily increase their efficiency, then more and more foundations will start to support grassroots NGOs. Thus this kind of granting model will be copied widely. This situation will encourage the government to purchase services from grassroots NGOs which means that the pattern of "small government, big society" can develop.

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 . 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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