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# The Development and Operation of Foundations in China

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**Keywords:** *Foundation, overseas foundation and representative office, social organization, history, China*

## Introduction

In the 21st century, nongovernmental organizations (NGOs) have gradually become a mainstream concern of China scholarship. This scholarship coincided with the rapid expansion of China's nonprofit sector, where NGOs are referred to as social organizations and comprise three types: social associations (*shehui tuanti*); social service organizations (*shehui fuwu jigou*), formerly called private nonenterprise units (*min-ban feiqiye danwei*); and foundations (*jijinhui*).

Social associations are membership associations within such fields as business; science and technology; the professions; academia; and arts and culture. Social service organizations resemble human service organizations in the United States, but cover broader service areas.

Chinese foundations, which are subjects under study in this article, were granted legal status under China's Regulations for the Management of Foundations in 2004; before then, they were counted as social associations. Foundations are the most recent organizational form in China's nonprofit sector, and thus allow us the opportunity to study their development.

Anheier and Daly (2007) identified seven roles for foundations: complementarity to the government; substitution for the provision of public and quasi-public goods; redistribution; innovation; social and policy changes; preservation of traditions and cultures; and promotion of pluralism. These roles and their significance, however, vary across countries and, at minimum, their large financial scale facilitates the channeling of private wealth to the charitable undertaking.

## Key Points

- Chinese foundations flourished in the 21st century, and empirical studies emerged to address multiple aspects of their activities and relations with the government. Yet there has been little research synthetically reviewing their development and operation. As a result, we often lack the knowledge of the context in which these organizations interact with state and society.
- This article divides the history of Chinese foundations into three phases: in search of identity, 1978–2004; in search of legal status, 2004–2016; and in search of the role in civil society, from 2016 onward. Within those three periods, it also examines overseas foundations and their representative offices in China. The discussion covers the normative and contextualized foundation operations in regard to the legal, political, and economic environment during each phase.
- This article not only helps readers understand and interpret findings from research on Chinese foundations, but also provides practical information to Chinese and non-Chinese practitioners who work, or will work, for or with foundations in China.

Since the 2010s, foundations have attracted increasing scholarly interest. Dozens of empirical studies have been conducted on these organizations from multiple perspectives, such as government control, governance, and spatial distribution (see Wang, 2020a, for a review of academic works generated by the Research Infrastructure of Chinese Foundations). While this group of studies provided new findings on Chinese foundations, little research

has synthetically reviewed their history and their normative and contextualized activities. Therefore, we only have limited knowledge of older Chinese foundations, how they developed to their current stage, and how they operate in the real world. Moreover, led by foundations, more and more Chinese NGOs began to participate in international philanthropic and humanitarian programs involving such efforts as poverty alleviation (An, 2019) and disaster relief (Liu & Dong, 2018). There is a good chance that non-Chinese nonprofit practitioners and organizations collaborate with Chinese foundations in conducting programs in China and elsewhere.

Equally important, a small group of foundations — namely, foundations with an overseas background (foundations established by overseas entities or persons) and overseas foundations (those legally incorporated in a foreign country) and their representative offices in China — are largely neglected by the existing literature. Therefore, non-Chinese individuals and organizations that want to understand, collaborate with, or establish foundations or representative offices of overseas foundations often find it difficult to understand how they can fit in with China's nonprofit sector.

This article fills these literature gaps by providing a synthetic historical review of existing data and literature that points to three phases of foundation development in China: (1) in search of identity, 1978–2004; (2) in search of legal status, 2004–2016; and (3) in search of the role in civil society, 2016 to the present. The three phases show that Chinese foundations and other social organizations have been evolving from a fragmented organizational field to a manufactured civil society that has been engineered to serve the party-state's policy priorities. Although a series of legislation has established foundations as legal entities in China's nonprofit sector, their role in civil society remains constrained. Overseas foundations now face even more difficult barriers to operate in China.

## Background of Foundations in China

Before discussing the evolution of Chinese foundations, it would be informative to outline the

legal framework for these foundations, their size and scale, and their working areas.

### Legal Framework

Historically, the Chinese party-state enacted a series of legal and administrative policies to define and regulate foundations. These policies are presented in Table 1. The table excludes legal and administrative policies concerning the entirety of the nonprofit sector, since those do not specifically address foundations and are only marginally relevant to the discussion. It does include, however, the Charity Law and the Law on the Administration of Activities of Overseas Nongovernmental Organizations Within the Territory of China because of their high rank in China's judicial system and their significant impact on Chinese NGOs, including foundations. Some of those policies will be referenced from time to time in the next section.

In their comparative study, Anheier and Daly (2007) defined foundations as formal organizations that:

1. are asset-based to a significant extent,
2. are private (i.e., institutionally separate from government),
3. are self-governing without external influence,
4. are nonprofit distributing organizations (i.e., profit not being the principal and primary goal),
5. serve a public purpose, and
6. have the self-understanding of being a foundation, even if there is no government legislation establishing or defining such an organization.

This six-part definition establishes a three-dimensional understanding of foundations: organizational (formal and asset-based), structural (the relationship with the government and external environment), and operational (how

**TABLE 1** Major Legal and Administrative Policies on Foundations in China

	Legal and Administrative Policies	Authority	Effective Period
A	Measures for the Management of Foundations	Issued by the State Council	1988-2004
B	Notice for Strengthening the Management of Foundations	Issued by the People's Bank of China	1995-2004
C	Regulations for the Management of Foundations	Issued by the State Council	2004-
D	Provisions on the Administration of Names of Foundations	Issued by the Ministry of Civil Affairs	2004-
E	Measures for Annual Inspection for Foundations	Issued by the Ministry of Civil Affairs	2006-
F	Measures for Information Disclosure for Foundations	Issued by the Ministry of Civil Affairs	2006-
G	Provisions for Standardization of Certain Activities of Foundations (Trial)	Issued by the Ministry of Civil Affairs	2012-
H	Notice for Strengthening the Administration of Special Funds for Foundations	Issued by the Ministry of Civil Affairs	2015-
I	Charity Law	Enacted by the National People's Congress	2016-
J	Law on the Administration of Activities of Overseas Nongovernmental Organizations Within the Territory of China	Enacted by the Standing Committee of the National People's Congress	2017-
K	Revised Regulations for the Management of Foundations (Draft)	Issued in draft form by the State Council	2016 (not effective)
L	Reminder for Standardizing International Cooperation for Foundations	Issued by the Ministry of Civil Affairs	2019-

NOTE: All the following sources were verified on March 22, 2021. The author prioritized widely accepted translations currently available on websites such as China Development Brief and the International Center for Not-for-Profit Law. Links to Chinese text are provided only when English translations are not retrievable on the Internet.

A: <http://www.asianlii.org/cn/legis/cen/laws/mfmof358/>

B: <https://www.chinaacc.com/new/63/69/110/1995/4/ad930238401114459918976.htm> (Chinese)

C: <https://chinadevelopmentbrief.cn/wp-content/uploads/2020/04/REGULATIONS-FOR-THE-MANAGEMENT-OF-FOUNDATIONS-.pdf>

D: <http://www.mca.gov.cn/article/gk/fg/shzzgl/201507/20150715849520.shtml> (Chinese)

E: <https://chinadevelopmentbrief.cn/wp-content/uploads/2020/04/Measures-for-the-Annual-Inspection-of-Foundations1.pdf>

F: [https://www.icnl.org/research/library/china\\_measinf/](https://www.icnl.org/research/library/china_measinf/)

G: [https://www.icnl.org/research/library/china\\_china-charity/](https://www.icnl.org/research/library/china_china-charity/)

H: <http://www.mca.gov.cn/article/xw/tzgg/201907/20190700018220.shtml> (Chinese)

I: <https://chinadevelopmentbrief.cn/wp-content/uploads/2020/04/Charity-Law-CDB-Translation.pdf>

J: <https://chinadevelopmentbrief.cn/wp-content/uploads/2020/04/Law-on-Management-of-Activities-of-Overseas-NGOs-CDB-Translation-.pdf>

K: <https://www.chinalawtranslate.com/en/foundations-regulations-draft/>

L: <http://www.mca.gov.cn/article/xw/tzgg/201907/20190700018220.shtml> (Chinese)

they manage and conduct activities to achieve charitable purposes).

The two definitions of foundations in Chinese legislation — the 1988 Measures for the Management of Foundations and the 2004 Regulations for the Management of Foundations — were quite normative in that they primarily regulated what foundations

should do. In terms of implementation, the 1988 legislation was to a large degree dysfunctional. Neither piece of legislation mentioned that the government could create foundations, although to date the government has founded most of the large and lasting foundations: by the end of 2014, 62% of Chinese foundations were formally affiliated with the state (Wang, 2018a).

**TABLE 2** Registered Social Organizations in China, 1988–2018

Year	Social Organizations	Social Associations	Social Service Organizations	Foundations	Foundations with Overseas Background*	Representative Offices of Overseas Foundations*
1988	4,446					
1989	4,544					
1990	10,855	10,855				
1991	82,814	82,814				
1992	154,502	154,502				
1993	167,506	167,506				
1994	174,060	174,060				
1995	180,583	180,583				
1996	184,821	184,821				
1997	181,318	181,318				
1998	165,600	165,600				
1999	142,665	136,764	5,901			
2000	153,322	130,668	22,654			
2001	210,939	128,805	82,134			
2002	244,509	133,297	111,212			
2003	266,612	141,167	124,491	954	0	N/A
2004	289,432	153,359	135,181	892	0	N/A
2005	319,762	171,150	147,637	975	0	N/A
2006	354,393	191,946	161,303	1,144	0	N/A
2007	386,916	211,661	173,915	1,340	0	N/A
2008	413,597	230,000	182,000	1,597	1	11**
2009	430,843	239,000	190,000	1,843	3	N/A
2010	445,200	245,000	198,000	2,200	7	N/A
2011	461,614	255,000	204,000	2,614	7	19
2012	499,029	271,000	225,000	3,029	8	19
2013	547,549	289,000	255,000	3,549	8	18
2014	606,048	309,736	292,195	4,117	9	28
2015	662,425	328,500	329,141	4,784	9	29
2016	702,405	335,932	360,914	5,559	9	29
2017	761,539	354,794	400,438	6,307	N/A	N/A
2018	817,360	366,234	444,092	7,034	N/A	N/A
Annual increase since 2004	7.7%	6.4%	8.9%	15.9%		
Cumulative increase since 2004	182%	139%	229%	689%		

NOTE: The Chinese Statistical Yearbook 2004 reported the number of foundations in 2003; it was the first time the number of foundations became available in official statistics. The Regulations for the Management of Foundations were not implemented until June 1, 2004. It is possible that while drafting this legislation before 2004, the State Council asked the Ministry of Civil Affairs to conduct a national census for the existing foundations. The 954 foundations in 2003 were probably those deemed able and possible to be reregistered. The number of foundations dropped in 2004, probably because those that failed to reregister outnumbered new foundations registered in 2004. Strictly speaking, 2004 is the first year in which the number of foundations became reliable.

\*The number of foundations with an overseas background and the number of representative offices of overseas foundations are included in the number of foundations in China. These numbers are available only for years 2011–2016 in official statistics reported by the Ministry of Civil Affairs.

Sources: *China Statistical Yearbooks* (<http://www.stats.gov.cn/tjsj/ndsj/>); China Social Organization Public Service Platform (<http://www.chinanpo.gov.cn/search/orgindex.html>); Ministry of Civil Affairs of the People's Republic of China (<http://www.mca.gov.cn/article/sj/tjgb/>); \*\*Shieh (2018).

## Size and Scale

In 2003, official Chinese data regarding the number of foundations became available for the first time. In 2004, the Regulations for the Management of Foundations took effect; since then foundations have been required to submit

their annual reports to civil affairs departments by March 31. Those reports became the primary data source for Chinese foundations.

Since 2004, foundations increased in number more rapidly than did other social organizations.

**TABLE 3** Income, Assets, and Expenditures of Chinese Foundations, 2008–2018 (in Chinese yuan\*)

Year	Donations to Foundations in Country (in billions)	Total Donations in Country (in billions)	Donations to Foundations against National Total	Average Donation Income (in millions)	Average Total Income (in millions)	Donation Income against Total Income	Average Charitable Expenditure (in millions)	Average Total Expenditure (in millions)	Charitable Expenditure against Total Expenditure	Average Total Assets (in millions)
2008		106.00**			20.28			12.98		
2009		63.00			15.02			10.30		
2010	34.05	103.18	33.00%		17.42			11.28		
2011	33.70	84.50	39.88%	16.76	18.90	89.61%	11.76	12.08	97.35%	32.95
2012	30.57	81.69	37.42%	13.46	15.62	86.17%	11.31	11.64	97.16%	33.03
2013	37.35	98.97	37.74%	13.66	16.34	83.60%	11.90	12.27	96.98%	29.66
2014	38.32	104.24	36.76%	14.08	16.21	86.87%	11.77	12.07	97.51%	31.86
2015	44.56	110.87	40.19%			79.96%				
2016	62.55	139.28	44.91%			81.10%				
2017	65.80	149.99	43.87%							
2018	64.59	143.92	44.88%							

NOTE: The average measure of key financial indicators for the years 2011–2014 has been calculated or adopted from data presented in the *Blue Books of Foundation* by Liu (2013, 2014, 2015) and Liu & Ma (2016).

\*From 2008–2018, one U.S. dollar was equivalent to approximately 6.5 Chinese yuan.

\*\*Disaster relief for the massive Wenchuan earthquake in 2008 accounted for 75.2 billion yuan (\$11.57 billion).

Sources: China Charity Information Centre (retrieved on June 1, 2017); Liu (2013, 2014, 2015); Liu & Ma (2016); Schrader & Xie (2016); Wang (2020a); Wei (2019).

(See Table 2.) By the end of 2018, there were 7,034 foundations, almost seven times the number in 2004, although the number of foundations with an overseas background and of representative offices of overseas foundations remained low. The significance of foundations, however, goes beyond their rapid numerical development. In spite of their small number in comparison to other social organizations, their financial scale makes them a prominent presence in China's nonprofit sector. (See Table 3.)

Since at least 2010, foundations have been the most popular donation recipients. In 2018, 44.88% of charitable donations in China went to foundations. The available data also show that donations accounted for about 85% of foundation revenue. From 2011 through 2014, foundations spent almost all their funding — an average of more than 11 million yuan (\$1.69 million) or 97% of their total expenditure — on charitable programs. Their total assets held steady at an average of 30 million yuan (\$4.62 million) over those years, with the slight decline in 2014 due to that year's rapid registration rate. Foundations are the largest financial presence

in China's nonprofit sector, as well as the largest contributor. Notably, the small number of financially large foundations account for a large proportion of foundation income and assets.

### Working Areas

While 1,511 foundations in China work in education and 2,341 focus on social services, accounting for a total of 3,852 or 54.76% of all foundations, Chinese foundations in fact usually work on multiple issues. (See Table 4.) Wang (2018b) took this into consideration and reported that among the 3,343 foundations operating in 2013, 1,790 foundations worked in education; 953 focused on disadvantaged people and 554 on poverty alleviation; and 470 focused on health and medical aid. Liu and Ma (2016) found that in 2014, a sample of 2,386 foundations implemented 12,362 programs, among which 6,289 benefited education, 812 concerned poverty alleviation and community development, and 801 contributed to health and sanitation. According to Huo (2020), in 2018 more than 70% of all foundation expenditures was devoted to education, poverty alleviation, and health.

**TABLE 4** Primary Working Areas of Chinese Foundations in 2018

Policy Areas	Social Associations	Social Service Organizations	Foundations
Science & Research	14,838	14,665	504
Education	10,102	240,012	1,511
Health	8,707	30,882	177
Social Service	49,409	73,024	2,341
Culture	41,835	26,614	295
Sports	33,722	19,986	42
Industrial & Commercial Service	42,510	5,437	224
Rural Development	64,745	3,060	86
Other	100,366	30,412	1,854
<b>Total</b>	<b>366,234</b>	<b>444,092</b>	<b>7,034</b>

Source: Ministry of Civil Affairs of the People's Republic of China (<http://www.mca.gov.cn/article/sj/tjgb/>)

These statistics generally support the argument by Lai, Zhu, Tao, and Spires (2015) that the activities of Chinese NGOs are “bounded by the state” — the work they can do largely depends on government policy. In citing Liu and Ma’s (2016) data, Chan and Lai (2018) similarly observed that Chinese foundations focus mainly on relief: “alleviating suffering and meeting ... needs ..., [not promoting] structural changes and reforms of existing systems or to help bring about new ones” (p. 1814).

Considering their legal identity, organizational configuration, operation, and so forth, we can divide the historical development of Chinese foundations into three phases: (1) in search of identity, 1978–2004; (2) in search of legal status, 2004–2016; and (3) in search of the role in civil society, 2016 to the present. Each phase has its own legal, political, and economic environment that shapes and directs foundation development.

### In Search of Identity: 1978–2004

In Western societies, foundations emerged largely out of wealth accumulation and economic development (Prewitt, 2006). The context in which Chinese foundations came into being was entirely the opposite. In the late 1970s, China’s economy had stagnated for decades due to an array of socialist campaigns, leaving

no room for private wealth to grow. Serving as the fundraising departments for their founding government agencies, the early foundations were designed to qualify for the nonprofit status necessary to receive overseas donations (Xu, 2008). Ironically, foundations and other social organizations appeared about a decade before the enactment of the first legislation in China governing nonprofits.

Like the China Children and Teenagers’ Fund, established in 1981 and widely regarded as the first national foundation in China, early foundations had strong support within the government (Wang, 2018b). Many were led by high-profile political figures, or their children or spouses. In the 1980s, for example, prominent national foundations were headed by Deng Pufang, the son of Deng Xiaping, former chairman of the Central Committee of the Chinese Communist Party, and Deng Yingchao, the wife of former Chinese Premier Zhou Enlai. Fundraising activities were guided more by an ad hoc expediency than careful organizational planning, and foundations relied on the Beijing-centered bureaucratic reach of their founding government agencies to collect local charitable donations (Xu, 2008), sometimes through forceful measures.

*As there were few domestic private entrepreneurs, the government welcomed efforts by overseas Chinese to found foundations in their hometowns. In some parts of Shunde City, in Guangdong Province, almost every rural community had a foundation.*

Local governments followed suit in creating their own foundations to relieve the budgetary burdens of poverty alleviation and education. By 1986, more than 6,000 foundations working on disaster relief and poverty alleviation had spread across the country (Li & Cai, 2013). By 1987, local governments had up to 6,275 so-called “special funds” that they chose to label “foundations” (Wang & Xu, 2010, p. 22). As there were few domestic private entrepreneurs, the government welcomed efforts by overseas Chinese to found foundations in their hometowns. In some parts of Shunde City, in Guangdong Province, almost every rural community had a foundation (Yang, 2010). By today’s standards, most of the early foundations were at best foundation-like quasi-organizations due to poor governance and the lack of a well-defined legal status (Yang, 2010). For example, some so-called foundations were simply an account in a government agency’s budget.

To generate revenue, many foundations or special funds engaged in for-profit business. These “illegal activities” (Whiting, 1991, p. 26) led to the State Council’s promulgation of the 1988 Measures for the Management of Foundations. Strictly speaking, however, there were no substantial legal grounds to argue that the early foundations were conducting illegal activities before 1988. Article 2 of the 1988 Measures for the Management of Foundations define foundations as social associations that are nonprofit,

civic, and voluntarily established by foreign and domestic social associations, other organizations, and individuals in order to manage their donations for the purpose of advancing scientific research, culture, education, public welfare, and other charitable enterprises. Registration, addressed in Article 3, required a minimum of 100,000 yuan (about \$14,000 in 1988) or an equivalent amount of foreign currency. In practice, the measures had very limited enforceability because they were rather vaguely drafted and a low priority within China’s legal system.

### China’s Central Bank Takes a Role

In the early 1980s, foundations were required to receive approval for registration from the People’s Bank of China, “the banks’ bank,” before filing requests for registration with civil affairs departments. From the 1988 Measures for the Management of Foundations forward, this requirement (as stated in Article 11) became formal. The People’s Bank makes and implements China’s monetary policy, including domestic currency issuance, foreign currency reservation, the exchange rate, and much more. It is doubtful that the bank would have the expertise to manage nonprofits, since it is a financial institution without experience with such organizations. In late 1988, the bank asked its local branches to submit all foundation registration requests to the Beijing headquarters for approval. Following the 1988 Measures for the Management of Foundations, the bank launched a rectification campaign to reevaluate existing foundations’ eligibility for registration. The bank’s effort was not successful, however; evidence shows that many organizations remained unregistered and conducted activities in the name of a “foundation” in the middle 1990s.

Consequently, the bank issued the Notice for Strengthening the Management of Foundations in 1995, which was followed by another rectification campaign. In Article 11 of the Notice, the bank also instructed all its branches to inspect the work of foundations in their areas annually, starting from 1995. Still, financial and administrative misconduct was frequent. For example, Zhao, Zhang, and Du (1997), who were employees of the bank’s Hangzhou branch, in Zhejiang



Province, inspected 31 foundations in 1996 and reported the following findings: Financially, a substantial number of foundations invested in businesses, lent funds to businesses at high interest rates, or ran their own business for profit. Administratively, some foundations shared the same bank account with their supervisory agencies, skipped board meetings for years, or had incumbent government officials as managers.

Zhejiang had one of the country's better institutional market environments, so such financial and administrative misconduct could be assumed to have been more severe in many other provinces. The People's Bank of China and the Ministry of Civil Affairs terminated many foundations and froze foundation registration until 2004 (Deng, 2011). An anecdotal story tells that during the Jiang-Zhu administration (1998–2003), someone who wanted to establish a foundation named after a family member had to obtain the signature of approval from Zhu Rongji, premier during that time. Although the 1988 Measures for the Management of Foundations did not seem to allow government agencies to establish foundations with the exception of state-funded science foundations (Article 2), almost all the foundations the state recognized in 2004 were government-created (Wang, 2018a).

The lack of records makes the number, size, and activities of the early registered foundations difficult to trace. Wang and Xu (2010) and Whiting (1991) suggested a range for the number of foundations in the 1980s between 100 and a few hundred. Estes (1998) claimed that between 1989 and 1998, more than 1,000 organizations registered as foundations. Nie, Liu, and Cheng (2016) retrospectively counted the number of foundations in China; relying on the data provided by the China Foundation Center, they found that the number of Chinese foundations grew from very few in 1981 to about 600 in 2002. Their method should be treated with caution, however, because they counted only the early foundations that were successfully reregistered in 2004.

*Shieh noted that during this period that overseas NGOs' substantive legitimacy trampled their procedural legitimacy: they were allowed to exist only if they provided needed resources to certain specified issue areas and were deemed by the Chinese Communist Party to be unthreatening to the regime. As a result, most overseas NGOs during this period kept a low profile and often operated underground or were registered as for-profit businesses.*

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#### Limits on Overseas NGOs

The data for overseas foundations that had operated in China were no better than the data for early domestic foundations. According to Peng and Liu's (2012) literature review, the number of overseas NGOs that had conducted activities in China ranged from 1,000 to 10,000 by the end of the 2000s. Their own data collection showed that among those overseas NGOs, about 1,000 were American. The lack of data is largely contributable to China's early internal guidelines for local authorities to deal with both domestic and overseas NGOs, known as the three "Nos": no recognition, no banning, no intervention (*bu chengren, bu qudi, bu jiechu*). Shieh (2018) noted that during this period that overseas NGOs' substantive legitimacy trampled their procedural legitimacy: they were allowed to exist only if they provided needed

*The number of foundations increased about sevenfold between 2004 and 2018. Few civic foundations — those free of direct government affiliation and influence — were founded by individuals, families, or corporations in the 1990s; by 2018, hundreds had been registered by such founders.*

resources to certain specified issue areas and were deemed by the Chinese Communist Party to be unthreatening to the regime. As a result, most overseas NGOs during this period kept a low profile and often operated underground or were registered as for-profit businesses.

The larger overseas foundations, however, took a different path. The most notable case is the Ford Foundation, which began to sponsor Chinese research institutions from as early as 1979 and is usually recognized as the first overseas NGO to work in the People's Republic of China. In 1988, the State Council granted the Ford Foundation permission to establish a representative office in Beijing, the first in China. Ironically, the foundation had to register its representative office as a business entity with the Bureau of Industry and Commerce, and remained on such status until 2018. The Ford Foundation's initial registration of its representative office as a business was due to the inconvenient absence of legislation in China governing nonprofits. Even after the relevant legislation took effect, the foundation still could not find a government agency to sponsor its nonprofit registration because it worked in multiple thematic areas that were beyond the functional authority of most government agencies (Shieh, 2018).

Aware that its longevity in China depended on the Chinese party-state's support, the Ford Foundation strategically built its relationship with this authoritarian regime. First, the foundation's initial work focused on economic development, legal education, and international relations, which the Chinese government desperately needed to advance economic reforms. Second, it awarded most of its funding to the government because the party-state apparatus was the most capable of carrying out programs, given China's weak nonprofit sector. In 1995, for example, 65% of total funding from the foundation's representative office in China was awarded to the government (Li, 2014).

This is in fact what many overseas NGOs and their representative offices had to do during this period. Peng and Liu (2012) estimated that in the years 1988–2009, U.S. NGOs operating in China allocated 82% of their charitable funding to government agencies and state-affiliated research and higher education institutions, whereas only 8% was awarded to grassroots NGOs. Nevertheless, overseas NGOs did contribute to the growth of grassroots NGOs in China. In the 30-year period studied by Peng and Liu, U.S. NGOs alone awarded about 200 billion yuan in China. Even a small proportion of such funding could have benefitted emerging NGOs unaffiliated with the Chinese party-state.

### **In Search of Legal Status: 2004–2016**

China's booming private economy accounted for 40% of its gross domestic product by 2000 (Cui, 2005). In the first 10 years of the current century, Chinese entrepreneurs began to appear on lists of the world's highest-ranking net-worth individuals. Meanwhile, the imbalanced economic development caused various social and environmental problems, such as income disparity and air pollution, that began to threaten political stability in the country. From the middle 2000s, the Hu-Wen administration (2003–2013) started to address these issues through scientific development in order to build a harmonious society (which, in short, refers to equality among regions and populations, balance among industries, and coexistence of the people with nature) (Holbig, 2006).

Against this backdrop, the State Council promulgated the Regulations for the Management of Foundations, effective June 1, 2004. Fourteen years later, Chinese foundations have changed dramatically in number and type of founder. The number of foundations increased about sevenfold between 2004 and 2018. Few civic foundations — those free of direct government affiliation and influence — were founded by individuals, families, or corporations in the 1990s (Estes, 1998); by 2018, hundreds had been registered by such founders. By the end of 2013, for example, there were 643 corporate foundations (Wang, 2018b). Wang argued that the need for governance, altruism, and political pressure could all motivate Chinese corporations to register foundations.

The 2004 Regulations for the Management of Foundations represented a systematic government effort to standardize foundation registration and management, marking a new era for this new type of nonprofit legal entity (Wang, 2018a). Article 2 stipulates that the foundation is “a nonprofit legal entity ... that employs assets donated by natural persons, legal entities or other organizations for the purpose of engaging in some public benefit enterprise.” Article 3 distinguishes public fundraising foundations (usually referred to as public foundations), which are allowed to raise charitable donations from the general public, from non-public fundraising foundations (usually referred to as private foundations), which can solicit donations from only a small circle of people, such as family members and friends. However, it is debatable whether this stipulation profoundly influenced foundations’ fundraising strategies and outcomes (Chan, 2010; Hildebrandt, 2013; Ni & Zhan, 2017; Wang 2020b; Wei, 2017). Evidence also indicates that a private foundation might bypass the legislation by asking a public foundation to raise donations from the general public, and then receiving those funds from the public foundation in the form of a grant (Guo & Lai, 2019; Wang, 2020b).

Article 3 of the 2004 Regulations for the Management of Foundations categorizes public foundations as either national or regional,

whereas private foundations can be only regional. At the beginning, “regional” signified the provincial level, but the State Council later allowed provinces to decentralize foundation registration to the city level. Regional foundations are supposed to restrict their activities to within the jurisdiction of their registration, while national foundations enjoy the flexibility to implement programs with no geographic limits. However, regional foundations did not fully follow this jurisdictional restriction. Some foundations had liaison offices in other provinces, for example, or conducted programs in the less developed western provinces while being based near the eastern coastline.

The capital that foundations are required to pay upon registration varies depending on their fundraising qualification and geographic coverage. Registering national and regional public foundations requires a minimum of 8 million yuan (\$1.23 million) and 4 million yuan (\$620,000), respectively (Article 6). Private foundations are required to pay 2 million yuan (\$310,000 million) to register (Article 8); however, if the registration capital exceeds 20 million yuan (\$3.1 million), the registration must be approved by the Ministry of Civil Affairs (Article 6). In all the above cases, the registration capital becomes part of the foundations’ net assets. All foundations must seek endorsement from a supervisory agency before qualifying for registration (Article 9). In the 2010s, foundations working on issue areas that match government priority were allowed to register without a supervisory agency and/or at a lower amount of capital.

The 2004 Regulations for the Management of Foundations include several articles governing leadership and staffing. They call for a board of directors (*lishihui*) with five to 25 members; each term cannot exceed five years (Article 20). Foundations are also required to appoint a supervisory officer (*jianshi*) to monitor board and foundation activities (Article 22). First stipulated in the 1988 Measures for the Management of Foundations and then again in the 1995 Notice for Strengthening the Management of Foundations, Article 23 of the 2004 Regulations

*The 2004 Regulations for the Management of Foundations define foundations as nonprofit legal entities that employ donated assets for charitable work.*

for the Management of Foundations also forbids incumbent government officials from taking managerial positions in a foundation, namely chair and deputy chair of the board of directors and secretary general, which is equivalent to CEO at U.S. foundations. However, this stipulation has been frequently violated (Johnson & Ni, 2015; Ma & DeDeo, 2018). Interestingly, recent studies revealed that having government officials on the management team did not necessarily increase foundation revenues (Wang, 2020b). It is possible that government officials are now less actively involved in foundation management than expected, due to the conflict of interest concerns (Zhan & Tang, 2016).

The 2004 Regulations for the Management of Foundations state that a “foundation should have . . . full-time staff with the appropriate capacity to carry out its activities” (Article 8.3). In reality, it is not uncommon for foundations to have zero full-time employees and rely on volunteers who work part time or full time for the foundation while being formally employed by the founder, not by the foundation (Wang, 2018b). Most foundations have a small number of full-time employees. Liu (2012) found that among 1,771 foundations in 2010, 429 foundations (24%) had zero full-time employees and 744 foundations (42%) had one to three full-time employees. Ni and Zhan’s (2017) data, which are based on 6,361 observations of 2,159 foundations, show that from 2005 to 2012, half of the foundations hired two or fewer full-time employees.

### Revenue and Expenditures

The 2004 Regulations for the Management of Foundations define foundations as nonprofit

legal entities that employ donated assets for charitable work. Their annual reports reveal that they receive eight sources of revenue: charitable donations, investment returns, government grants (i.e., subsidies or *buzhu*), government purchase of services, service sales, product sales, membership fees, and “other revenue,” which usually consists of interest earned on bank deposits. Government purchase of services has always been zero in foundation annual reports, so only the other seven revenue sources matter.

Overall, the majority of foundations’ total revenue came from charitable donations and each foundation received revenue from an average of 2.2 sources in the years 2008–2013 (Wang & He, 2018). Because almost all foundations had “other revenue,” the average number of revenue sources effectively indicates that most foundations relied largely on charitable donations, and to a lesser extent on investment returns or government grants (Wang & He, 2018). As the Chinese government has taken steps to reduce its long-term financial commitments to the nonprofit sector (Wang & Wang, 2018), charitable donations are likely to remain the single most important revenue source for foundations in China.

Ni and Zhan (2017) regarded all but charitable donations and government grants as market revenue. However, the way they calculated market revenue does not necessarily correspond to reality because membership fees and “other revenue” may not be market-based. In Wei’s (2017) study of Chinese foundations’ revenue mobilization, the dependent variable was the total revenue. Considering the many different sources of revenue, an all-encompassing operationalization of Chinese foundation revenue may mask interesting nuances. Indeed, Wang’s (2020b) analysis of the 2013 data of 2,021 foundations revealed that their organizational, financial, contextual, and political characteristics systematically differed in the significance of their association with charitable donations and government grants. This largely means foundations acquire the two sources of revenues through different mechanisms.

**TABLE 5** Foundations With Overseas Backgrounds Operating in China (2004–2018)

Name	Year of Registration	Location	Supervisory Agency	Founder	Origin
Compassion Relief Tzu Chi Foundation	2008	Suzhou, Jiangsu	State Administration for Religious Affairs of the State Council	Master Cheng Yen (Buddhist nun) representing Tzu Chi*	Taiwan
Huayang Charity Foundation	2009	Xiamen, Fujian	Taiwan Affairs Office of the State Council	Yung-Ching Wang (Entrepreneur) Family	Taiwan
VIA Foundation	2009	Beijing	Taiwan Affairs Office of the State Council	Cher Wang representing the VIA Technologies	Taiwan
Ting Hsin Foundation	2010	Beijing	Chinese People's Association for Friendship with Foreign Countries	Ting Hsin (Cayman Islands) Holding Corporation	Taiwan
Huang Yicong Charitable Foundation	2010	Shanghai	Overseas Chinese Affairs Office of the State Council	Shengjie Huang and Heng Yu**	Indonesia
China Resources Charitable Foundation	2010	Shenzhen, Guangdong	Ministry of Civil Affairs	China Resources Holdings	Hong Kong***
Pang-Lin Yu Charitable Foundation	2010	Shenzhen, Guangdong	Ministry of Health	Pang-Lin Yu (Entrepreneur)	Hong Kong
China-United States Exchange Foundation	2012	Beijing	Chinese People's Association for Friendship with Foreign Countries	China-United States Exchange Foundation (headed by Chee-hwa Tung, former Chief Executive of Hong Kong)	Hong Kong
Master Hsing Yun Cultural and Education Foundation	2014	Beijing	Ministry of Culture****	Master Hsing Yun (Monk)	Taiwan

NOTE: Data after 2018 are unavailable.

\*Tzu Chi is a Buddhist humanitarian organization based in Taiwan.

\*\*Shengjie Huang is the grandson of Yicong Huang, an overseas Chinese entrepreneur.

\*\*\*China Resources Holdings is owned by the State-Owned Assets Supervision and Administration Commission of the State Council. It has a large operation in Hong Kong.

\*\*\*\*The ministry was reorganized as the Ministry of Culture and Tourism in 2018.

Sources: China Social Organization Public Service Platform (<http://www.chinanpo.gov.cn/search/orgindex.html>); official foundation websites.

The 2004 Regulations for the Management of Foundations differentiate between the charitable expenditures of public and private foundations. On issues proclaimed in their mission statement, public foundations must spend no less than 70% of the previous year's total revenue, and private foundations must spend no less than 8% of the net assets left from the previous year (Article 29). The same article further notes that "a foundation may not allocate more than 10% of its total expenditure to cover staff wages, benefits, and overhead." This requirement is a contributing factor in the low number of full-time foundation employees and, in reality, is implemented with flexibility. For

example, civil affairs departments may exempt foundations from administrative punishment if foundations are able to adjust their expenditure in the next year to make the two-year average meet the requirements.

### Foundations With Overseas Backgrounds

Although the 2004 Regulations for the Management of Foundations' definition of foundations appears to establish no barriers for overseas founders, in reality it has been abundantly difficult for overseas individuals and organizations to register foundations in China. By the end of 2018, only nine Chinese foundations had been originated overseas. (See Table 5).

*On March 16, 2016, the National People’s Congress passed the long-awaited Charity Law. This law is the overarching legal framework for many kinds of charitable activities, including fundraising; donations, grants, and awards; trusts; assets and service; and information disclosure.*

Among the nine foundations with overseas backgrounds, the Compassion Relief Tzu Chi Foundation and Master Hsing Yun Cultural and Education Foundation were founded by prominent Taiwanese Buddhists. Laliberte (2011) argued that mainland China’s recent tolerance of Taiwanese Buddhist NGOs was to a large extent politically motivated. Under close state surveillance, those organizations had to deal with frequent government interference (Wang, 2018b). The remaining seven foundations were established by overseas Chinese, overseas Chinese corporations, and entrepreneurs in Southeast Asia who are descendants of Chinese. They are all closely connected with China; it is practically impossible for overseas individuals and organizations to register foundations if they do not have such connections.

The 2004 Regulations for the Management of Foundations also, for the first time, specify how overseas foundations must register representative offices. They require all applications to be submitted to the State Council (Article 6). Yet during the 12 years since the regulations were enacted, only 29 overseas foundations — among them the Bill & Melinda Gates Foundation — were able to register successfully. Twenty-six representative offices of overseas foundations that went through the annual inspection passed it in 2015 (Ministry of Civil Affairs, 2016).

Thirteen of those were representative offices of American foundations, eight were based in Hong Kong or Taiwanese, and the rest were European foundations. Under Article 25, these representative offices were not allowed to raise funds in China. The government’s rationale is that fundraising in China implies these representative offices no longer have the financial capacity to conduct activities, so there is no need for them to exist within the territory. Therefore, these representatives may only rely on their overseas headquarters and interest accrued from their bank deposits for funds.

Prior to 2004, some overseas foundations were involved in “gray” issues related to religion, women’s rights, labor rights, and so forth (Peng & Liu, 2012), but all 26 representative offices of overseas foundations have worked on such relatively uncontroversial issues as education, health, and government-led international exchanges. Shieh (2018) has suggested that a number of overseas foundations have remained unregistered in order to continue working in a legal gray area. Under the 2004 Regulations for the Management of Foundations, the Chinese government has refused to accord procedural legitimacy (i.e., registration) to potentially antagonistic overseas foundations. But Sidel (2019), noting an increase of representative offices of overseas foundations despite the color revolutions in Ukraine, Georgia, and elsewhere that were concurrent with the enforcement of the 2004 Regulations, argued that the Chinese government has been confident enough in its control over the nonprofit sector that it has not felt compelled to take immediate action.

### **In Search of the Role in Civil Society: 2016 to the Present**

On March 16, 2016, the National People’s Congress passed the long-awaited Charity Law. This law is the overarching legal framework for many kinds of charitable activities, including fundraising; donations, grants, and awards; trusts; assets and service; and information disclosure. Article 3 of the law defines the charitable organization as a voluntary status for which social organizations can apply if they engage in charitable activities involving

poverty alleviation; disaster relief; public health; education; science and culture; environmental protection; and so forth. Interestingly, these charitable activities are associated with a greater volume of charitable donations, but not government grants, to foundations (Wang, 2020b).

Two months after the passage of the Charity Law, the Ministry of Civil Affairs posted for public comment a revision draft of the 2004 Regulations for the Management of Foundations designed to ensure they would comply with the Charity Law. There since has been no update of that draft, partially because the new regulations must be consistent with other regulations concerning social organizations that also need to be revised. For example, in 2018 the Ministry of Civil Affairs publicized a revision draft of the Regulations on the Registration and Management of Social Organizations for public comment; those overlapped the 2004 Regulations for the Management of Foundations.

If the 2016 revision of the Regulations for the Management of Foundations had been promulgated largely as they appeared in the draft, we would see the removal of the distinction between public and private foundations, decentralized registration with increased registration capital, new restrictions on boards of directors, clarifications for foundation termination, and specifications for governance, transparency, and activities related to charitable funds. Under certain circumstances, foundations can still qualify for public fundraising activities upon registration. In the future, foundations more likely will be required to perform well financially and operationally for a certain period before they become eligible to qualify for public fundraising. Notably, the revision draft highlights requirements for the ideological compliance of foundations; for instance, foundations are to set up a branch of the Chinese Communist Party as long as circumstances permit.

The nonprofit policymaking in the 2010s strengthened government control over NGOs to the extent of an era of neo-totalitarianism in China (Béja, 2019; Kang, 2018). The difference

from the previous nonprofit policy implementation is that the Chinese government is now creating a norm of control over NGOs that highlights the role of state as an infrastructural power rather than a sum of despotic government officials (Wang, 2020b). As previously mentioned, the Chinese party-state discouraged government officials from managing NGOs while at the same time revising and enacting the law to institutionalize its nonprofit policy. Moreover, in 2017 the National People's Congress issued a report stating that the party-state would advance an institutionalized, coordinated approach to promote consultations carried out by social organizations. The positive side of this wave of nonprofit policymaking is that in the future, the government may employ fewer extralegal measures to regulate NGO activities and adopt a procedural rather than contingent policy consultation style with NGOs (Wang & Wang, 2018).

A major task of Chinese foundations, then, is to understand and establish their role with state and society in the 2020s and beyond. From 2004 in China, more foundations were founded in a bottom-up manner than with a top-down approach (Wang, 2018a). This means that non-public-sector organizations and individuals began to establish civic foundations at a fast pace. Most recent data are unavailable, but it is likely there are already more civic foundations than government-affiliated foundations in China. While these foundations need to align their work with state priorities, they may “repurpose the state” (McCarthy, 2013, p. 48) by rhetorically associating their own goals with the state's. Under tight authoritarian rule, it is doubtful that they will become promoters of pluralism. However, they are potential policy changers if they can take advantage of their consultative role in relation to the Chinese government.

### Grantmaking Versus Programming Among Chinese Foundations

At the end of 2019, 111,844 out of 119,791 U.S. foundations (93.4%) were primarily grantmaking organizations (Candid, 2020). Unlike their American peers, Chinese foundations prefer

*Unlike their American peers, Chinese foundations prefer operating their own programs to making grants to other NGOs. Those that do make grants usually run their own programs as well.*

operating their own programs to making grants to other NGOs (Wang & Xu, 2010). Those that do make grants usually run their own programs as well (Feng, 2015). In 2016, 5,690 foundations provided data for 23,796 programs, among which only 317 programs (1.3%) consisted of grantmaking (Huo, 2018). Even that small number did not all go to social organizations; 36.8% of the recipients were local governments (in the name of communities), government agencies, and corporations, presumably for their social responsibility programs.

Chinese foundations most closely resemble America's 501(c)(3) public charities (Feng, 2015; Johnson & Ni, 2015), which are described in the Internal Revenue Code as having "an active program of fundraising and receive contributions from many sources, including the general public, governmental agencies, corporations, private foundations or other public charities" (IRS, n.d., para. 3). Chinese foundations are also similar to operating foundations in Europe (Anheier & Daly, 2007). For example, 24% of German foundations are currently operating their own programs (Anheier, Forster, Mangold, & Striebing, 2018). In Italy, the national census data show that in 2005, 49.5% of foundations were mainly operating foundations (Ricciuti & Turrini, 2018).

Porter and Kramer (1999) argued that a new philanthropic agenda for foundations is to strategically create value through others in four ways: (1) selecting the best grantees, (2) signaling other funders, (3) improving the performance of grant

recipients, and (4) advancing the state of knowledge and practice. "Each successive approach," they wrote, "leverages a foundation's special assets more than the preceding one as the pool of resources affected grows from a single grant to an entire field" (p. 124). Porter and Kramer did not necessarily negate the value of operating foundations, but emphasize that a reasonable presence of grantmaking foundations is of great importance to the nonprofit sector. After the Chinese government cut off the supply of foreign funds to domestic NGOs around 2010, the grantmaking role of foundations became more salient than before.

Chinese nonprofit practitioners and scholars have advocated foundation grantmaking, and a few large organizations, such as the Narada Foundation and the Lao Niu Foundation, have made grants to other social organizations or invested in social enterprises. A number of nonprofit practitioners created the Golden Orange Award (*jinjujiang*) to recognize the best grantmaking foundations since 2013. Yet even until 2018, there were no more than 40 foundations primarily doing grantmaking in China (Qiwo Foundation, 2018). Some foundations complained that other social organizations (i.e., social service organizations) were not competent to implement programs satisfactorily, but foundations themselves also lacked expertise and experience in grantmaking. Overall, China's nonprofit sector is still wanting in professionalism, standardization, and trust (Hsu & Hasmath, 2017).

Promisingly, foundations — and, in particular, community foundations — now often work with corporations and other NGOs to address local needs with the government playing a minor role (Weng & Christensen, 2019), a form of collaboration called independent public service provider (Forrer, Kee, & Boyer, 2014). It is possible that social innovation will emerge from such collaboration and Chinese foundations and other NGOs improve their capacity, understand each other, and eventually overcome the paradoxical situation. Through program implementation and collaboration, Chinese foundations may involve



boards and volunteers to foster a culture of citizenship and volunteerism (Wang, 2020a).

### China Begins to Shape the Work of Overseas NGOs

Different from the previous two phases, representative offices of overseas foundations fell under the control of the Ministry of Public Security in 2017, when the Law on the Administration of Activities of Overseas Nongovernmental Organizations Within the Territory of China went into effect. Among its many provisions, the law gives overseas NGOs (including foundations) two options to legally operate in China. One is to register a representative office: After approval from a government agency to serve as its professional supervisory unit, the NGO files a registration request with the public security department at the provincial level or higher (Articles 6 and 11). Alternatively, overseas NGOs that want to conduct activities without establishing a representative office in China may request a permission (*bei'an*) to conduct temporary activities through a qualified Chinese partner organization for up to one year (Article 17). Without the registration or permission, overseas NGOs are not allowed to operate or provide funding to Chinese individuals and organizations (Article 9). As before, overseas NGOs and their representative offices are forbidden from fundraising in China (Article 21).

The management of overseas NGOs thus became a security issue rather than a civil issue. The 2017 law addressing overseas NGOs signals the Chinese party-state's departure from regulatory ambiguity to the use of governing legislation to deal with overseas NGOs. No longer an observer or collaborator, the Chinese party-state began to proactively shape the work of overseas NGOs. For example, some of these NGOs had to fund projects in line with government priorities, such as the Belt and Road Initiative global development strategy, in order to secure approval and registration (Shieh, 2018), therefore compromising their own work. Overseas foundations and their representative offices, once an important source of funding for Chinese grassroots NGOs, may have to have their grant recipients approved by their

*Promisingly, foundations — and, in particular, community foundations — now often work with corporations and other NGOs to address local needs with the government playing a minor role, a form of collaboration called independent public service provider.*

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professional supervisory units, which would act with extra caution since they are answerable to the powerful public security department.

In fact, with the rapid growth of domestic foundations and Chinese government's tight control of overseas funding, the financial significance of overseas foundations has diminished. Almost all present representative offices of overseas foundations (with exceptions including the Ford Foundation) are those whose registration has been transferred from the civil affairs department to public security department; few have been newly registered. Thus, the 2017 law governing overseas NGOs has had a deterring effect. Overseas foundations, especially those headquartered in the United States, might have succeeded elsewhere in promoting pluralism and civic awareness, but in China they are more likely to limit their work to charitable programs defined by the public security department.

### Discussion and Conclusion

This article synthetically analyzes the three phases of foundation development in China. In their search for identity (1978–2004), foundations were regulated by fragmented nonprofit policy and their initial support by the Chinese party-state diminished over time due to political instability and their own misconduct. While in the phase of a search for legal status (2004–2016),

*Despite its continuous control-oriented nonprofit policy, the Chinese government has recognized the value of NGOs and taken the legal approach to maximize their utility to the state.*

foundations flourished. The landscape of foundations changed dramatically on many fronts, such as number, founder, financial scale, organizational structure, and relationship with the government. They also contributed a huge amount of resources to the nonprofit sector. Since 2016, foundations have been in a phase of searching for their role in civil society, but both a lack of professionalization in the nonprofit sector and political reality remain obstacles to engagement with other NGOs and advancing a robust civil society. Positive signs have also emerged; for example, increased collaboration with other NGOs and widened opportunity to participate in public policy.

Overseas foundations and representative offices experienced the three stages with foundations incorporated in China. During the first stage, the Chinese party-state was willing to collaborate with and arrange accommodation for overseas foundations due to its need for resources and expertise. Since 2004, overseas foundations were able to formally register representative offices, but they had to restrict their activities to areas allowed by the government; only 29 overseas foundations were able to register their representative offices. In the present phase the public security department manages representative offices of overseas foundations, whose importance has declined because of China's economic development and the growth of domestic foundations. The role of representative offices of overseas foundations is also limited by their small numbers, but still they can bring new knowledge to their Chinese peers.

## Implications

This article has addressed some implications along with the discussion of the three phases; a few more can be drawn here. Despite its continuous control-oriented nonprofit policy, the Chinese government has recognized the value of NGOs and taken the legal approach to maximize their utility to the state. For example, Wang (2020c) argued the Chinese government seeks both the functional and behavioral conformity of foundations to strengthen the regime. For this purpose, the government will continue to incorporate both constraining and enabling measures in nonprofit policymaking.

The past practices of foundations in China informs nonprofit practitioners of the rationale for the present and future state of foundation development, why certain organizational characteristics are more pronounced than others, and what managerial strategies are most effective in avoiding risks and attaining goals. For them, understanding the normative, actual, and limitations of foundation operations in China's particular institutional environment helps formulate tactics to optimize cooperative outcome and activate the roles of Chinese foundations in civil society. For example, grassroots NGOs seeking resources from foundations should strive to build trust through co-implementing programs. A demonstrated capacity and trustworthiness of grassroots NGOs is important to persuading foundations to make grants to them for more independent work, since most Chinese foundations still prefer operating their own programs.

International donors need to be aware of the constraints that the Chinese government has imposed on overseas donations. Not every Chinese NGO is eligible to receive those donations. To be eligible, Chinese foundations and other social organizations must demonstrate good performance; indicators of good performance include their registration, annual inspection, nonprofit evaluation, and program record. Other aspects of foundations that international donors may take into consideration include foundations' affiliation with the party-state and the way they allocate funding,

either through running their own programs or making grants to other social organizations. It is also recommended that before registering a representative office, overseas foundations obtain permission to conduct activities for one year in China as stipulated in the 2017 law governing overseas NGOs. This allows overseas foundations to identify potential partners and evaluate the necessity for a representative office.

### Limitations and Future Research

This article's review of the history of foundations in China relies on existing data from both government and scholarly resources. It also draws evidence from industrial reports and research. It combines both practical and academic findings in order to broaden its usefulness to different audience. This method offers an objective, comprehensive account of foundations in China, but it also has some limitations.

First, no large-scale survey has been implemented to investigate the internal dynamics of Chinese foundations, such as their governance, program execution, and contact with stakeholders. Similarly, there are few survey data of the popular attitude toward and knowledge of

the nonprofit sector in China. Therefore, at this moment it is difficult to incorporate donors, beneficiaries, and the general public in the discussion. Future research may address such a data shortage by designing questionnaires and interviewers for these purposes.

Considering the volume of studies on foundations in Western democracies, research on foundations in China is quite limited. Existing research rarely puts Chinese foundations in a comparative context, and little research examines the different experience of overseas foundations in multiple countries. Future research may identify points of comparison from this article and systematically examine the differences and similarities of foundations in China and elsewhere. Results will bring additional policy and practical values to policymakers and nonprofit practitioners. As previously mentioned, Chinese foundations lead Chinese NGOs' overseas activities in philanthropy and humanitarian aid. Future research may examine how Chinese foundations operate overseas; their interaction with local people, authorities, and NGOs; and their interaction with other international NGOs.

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