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"To Serve the People: NGOs and the Development of Civil Society in China"

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Background

China has become Asia's fastest rising economic power. Two decades of economic liberalization and now entry into the WTO, have resulted in improved economic indicators, a growing trend toward legal reform, and an expanding influence throughout Asia. Economic growth and reform has also had a significant impact on China's domestic social and political development, creating more opportunity and prosperity, but at the same time, daunting challenges.

Large scale unemployment as a result of state owned enterprise reform, and rural unrest among farmers as a result of falling prices and rising corruption by local officials, has led to well publicized demonstrations in some parts of China. Without adequate social safety nets, unemployed workers are left without basic health care, education or housing, all formerly provided by their employer. Income disparity has widened sharply between China's coastal areas and the western provinces, accentuating the gap between the rich and the poor. The official estimate shows that between 1990 and the end of 1999, household income of the wealthiest 20% in China increased 4.2 times more than that of the lowest 20%. Other problems include environmental degradation and pollution, public health issues such as HIV/AIDS, and corruption among officials.

While there are some signs of democratic progress, albeit small, in the election of village committees, experiments with township elections and even public hearings in provincial and municipal legislatures in selected areas, fundamental political reform is not truly on the table. It is true however, that while economic progress has not necessarily led to more democracy per se, there is a developing rights consciousness among Chinese citizens, and a better awareness among government officials that they must be more responsive to the rights and material needs of the people. While circumstances vary across China, given the size of the country and the differences between regions, it is clear that the government must address these problems, or risk instability and chaos.

Current State of China's NGOs

One of the most significant developments in China over the past two decades has been the emergence of civil society organizations. In 1949, when the Chinese Communist Party came to power, all independent civil society groups were eliminated, and all remaining social organizations were brought under the Party's control. China's rapid economic reforms have led to a fundamental change in the relationship between the party and the state. The population is weary of ideological campaigns, and there is an increasing gap between the party and the functions of state, as well as between the state and the general population. China's modernization and economic liberalization combined with a growing, more educated middle class, and serious income disparity between the coastal and interior provinces, have led to citizen demands for more services, less corruption and more accountability in government. As such, China has gradually moved toward a more pluralistic society, with increased decentralization of authority and services managed by lower levels of government, and recognition of the rule of law, including the rights

of the individual to protection under the law. These developments have left space for other actors, thus laying the basis and need for civil society organizations.

There are many reasons why the Chinese government has come to see some benefit in the development of a civil society sector in China. As Nick Young, editor of *China Development Brief*, notes in an August 2001 special report on China's NGOs, "government faces a daunting mix of service gaps, increased demand and fiscal constraints". The CCP places the highest priority on national cohesion and stability, and while still nervous about the unharnessed power of civil society, it has still come to the conclusion that civil society organizations can contribute toward this goal.

There are many types of nongovernment organizations(NGOs), with few completely independent or structured under laws as defined in Western countries. Progress in legal regulation of NGOs in China has been uneven and the application and enforcement are often guided by political imperatives, such as the restrictive rules that were passed post-Tiananmen in 1990, and most recently, enforcement of more restrictive regulations because of concerns over the Falun Gong. Donors engaged in development efforts in China tend to look for NGOs that are independent of government, representative of their constituents and participatory in their decision making as qualifications for partnership. While these concerns are pertinent to China's situation, no single definition is sufficient in characterizing the current state of China's NGOs. Chinese NGOs cannot yet be defined as an "independent sector", but should be seen in the broader socio-economic development perspective of China's changing social and political dynamics.

Under Chinese law, laws and regulations exist to govern application and registration processes, and guide the scope of activities of NGOs. These require NGOs to register with the Ministry of Civil Affairs or its provincial or municipal affiliate. This supervisory role of government over NGOs encourages a close link to government. However, because of the lack of enforcement and underdevelopment of the legal system, some NGOs have bypassed this rule and instead registered with the Bureau of Industry and Commerce as enterprises, so they do not fall under the same reporting rules or supervisory standards. Today, in Beijing alone, there are dozens of NGOs that have registered as for-profit commercial entities or claim to be second tier organizations under a government agency. These groups are playing an increasingly important function, which is sometimes different from those organizations involved in humanitarian activities. These include groups such as the China Non-Profit Organization (NPO)Network, which acts as an umbrella group that serves the nongovernmental sector; environmental groups such as Global Village Beijing which raises awareness of environmental issues; or Rural Women Knowing All, affiliated with Rural Women Knowing All Magazine and Rural Women's Training School, which provides education for rural women in both economic subjects and legal education.

Over the last decade, there has been a transformation of traditional mass based government sponsored organizations, such as the All China Youth Federation and All China Women's Federation, from party instruments to organizations that increasingly represent the interests of their constituents. In addition, the space created by the economic reforms of the 1980's allowed the development of more players. While these organizations have traditionally had an affiliation with government in order to operate, and despite the fact that they must register with the government agency, many have become more independent, both in program and funding, and are more active in representing the needs and interests of their constituents through active programs that address issues of their local communities. Even the largest national organizations, such as the China Charity Federation and Poverty Reduction Foundation have ties to the government. These government organized NGOs (GONGOs) are becoming more independent in management and fundraising. These are often supported through local "donations", indigenous philanthropy through community, and even overseas Chinese resources. Because of their ability to deliver services at the local level, there is a growing recognition of their positive role in society. Nongovernmental organizations are seen as filling gaps left by government budget shortfalls, providing

social and other welfare services at local levels, such as elder care, education, and health care services. On occasion, organizations come together to collaborate, particularly in service delivery to the poor and disadvantaged. Regardless of the status or affiliation of the organization, nongovernmental groups nonetheless perform an important, and potentially critical function in the context of a changing Chinese society.

The Role of International Organizations

The nongovernmental sector in China has evolved quickly. Through technology and globalization, they have been able to make contacts with many international NGOs, either those working in the same field, or those looking to provide financial and technical support. This includes a wide range of donors, private foundations, private corporations operating in China and other like minded NGOs. *China Development Brief* concluded that China is receiving well over \$100 million each year in project funding directly from or channeled through over 500 international NGOs and foundations. Gifts in kind, such as hundreds of thousands of books and equipment, add substantially to that total. As of 2000, there were at least 700 grant making foundations, 70 advocacy groups, 200 humanitarian organizations and 150 faith based charitable groups, all foreign, operating in China.

Over the course of China's history, international organizations have played a supporting role in the development of social organizations and civil society in China. After normalization of relations between the U.S. and China in 1979, American foundations with historical links to China returned to support Chinese institutions. These included the Rockefeller Foundation, China Medical Board and the Lingnan Foundation, the Luce Foundation, the Ford Foundation and The Asia Foundation. Faith based organizations also reestablished relationships, such as the United Board for Christian Higher Education in Asia, and other church based or denominational organizations, such as the Mennonites and Maryknoll Brothers.

The Asia Foundation began supporting nongovernmental entities over two decades ago, supporting the development of human resources, program and research activities and building capacity through grants. This included early grants to social organizations and NGOs such as Rural Women Knowing All, as well as recent efforts to encourage linkages between NGOs in China. The China NPO Network conducts a monthly NGO forum with Foundation support, which brings together officials, business and NGO leaders to discuss legislative issues, and to promote collaboration between organizations. Recently, the NPO Network has worked with other organizations, including foreign NGOs, on understanding standards for NGO self-regulation. The Tsinghua University NPO Center is another organization that has recently received considerable attention for its research on regulatory issues facing NGOs. The Foundation has provided support for the first international conference on the non-profit sector and development at Tsinghua University in 1999, as well as their research on professional associations. The Foundation has, with other organizations, provided input on NGO law and registration issues based upon its active role in the Asia Pacific Philanthropy Consortium, a regional group which promotes Asian philanthropic giving and better understanding of legal and regulatory frameworks governing NGOs in Asia.

In addition to international nonprofit groups and foundations, multinational corporations have made major investments in China's civil society organizations in the spirit of corporate social responsibility. These include companies such as Nike, Adidas, Reebok, Levi Strauss, Microsoft, The Ford Motor Company, General Motors, Microsoft, and the U.S. China Business Council, among others. Companies support a wide range of activities from health and education programs, to rule of law efforts, poverty alleviation projects and policy research.

Another role that Chinese NGOs can play relates to cross-straits relations. With common language, culture and single state systems, organizations in Taiwan and Mainland China have many similar concerns and have collaborated on activities. These include research activities on economic development, disaster relief and humanitarian aid, and exchange programs. The Asia Foundation in Taiwan has funded several delegations of academics, NGO leaders and legislative officials from Taiwan to China to discuss issues including NGO legislation, internal governance and fundraising strategies.

What More Can International Organizations and Donors Do?

International organizations can continue to play a significant role in strengthening civil society organizations, and building capacity in human resources, organization and program development. China's economic growth and reform will likely accelerate in the coming years, leading to increased pressure on government resources, with more and more responsibility for social welfare devolved to lower levels of government. Chinese NGOs have taken advantage of the space available for independent action by providing needed services at local levels, filling gaps in education, health, eldercare, legal aid and education, and many other areas. Future support will continue to be necessary for Chinese NGOs to begin to develop the capacity to sustain their activities, conduct programs that meet the needs of the population that they serve and eventually, act as advocates for the causes they represent.

International organizations and donors can also continue to help try to improve the environment in which NGOs operate, opening up more space and providing more opportunities for expansion into different fields. This includes support for changes in the NGO law and the overall registration process, as well as support for research and networking with like-minded organizations both in and outside of China. For instance, university centers focused on civil society research and development have proliferated in recent years. All receive international support. These include Fudan University's new Social Development and NGO Research Center (funded by the Himalayan Foundation in Taiwan), three NGO research institutions at Beijing University, the Research Center for Volunteerism and Welfare (funded by UNDP), The Non-Profit Law Research Centre (funded by the Ford Foundation and Oxfam) housed in the Law School, and the Center for Civil Society Studies, housed in the Institute of Political Development and Governance. Zhongshan University also has a new Center for the Study of NGOs, housed in the Zhongshan University Research Institute for Guangdong Development. It is a joint venture with the Chinese University of Hong Kong.

International support for the development of China's nongovernmental sector is important to its future. In addition to a friendly regulatory environment under the law, other areas require support. The recent scandal related to Project Hope China has given donors pause. How do donors determine the credibility and financial accountability of Chinese nongovernmental organizations? Donors must be assured through due diligence that the organizations that they fund are genuine in their mission and delivery of services while at the same time, Chinese organizations will have to ensure that funds and programs are managed responsibly. In order for this to happen, international assistance can, and should, not only support strategic planning and program implementation, but also the operational aspects of nongovernmental organization management in China. Chinese NGOs need training to raise and account for their funds, commit to transparency in all aspects of operations, report to donors and comply with international standards. This increased and recognized role of NGOs creates an opportunity for reform that will improve the environment for NGOs through clearer legal status, more transparency and accountability in their operations, and progress toward a more meaningful independent sector in China.

In the category of assistance to China's NGOs, U.S. government assistance has lagged behind other donors. The only American organizations with a resident presence and long track record in supporting civil society organizations have been the Ford Foundation and The Asia Foundation. There is a marked

absence of American groups working on the ground to develop the capacity of local organizations. Official American assistance programs for civil society groups in China has been extremely limited. The European Union, the World Bank, UNDP, Canadian International Development Agency (CIDA) and Australia's aid program (AusAid) provide levels of funding from half a million to several million dollars for civil society development in China. These donors, among others, have made a commitment to support and advance the growth of China's civil society organizations, not only in the significant amount of funding they provide, but also in the attention they give to their programs, by setting up small grant funds to be given directly to NGOs (not through government agencies) and designating specific staff to focus on civil society developments. If the U.S. wants to support the positive trend of NGO development in China, funds should be provided to knowledgeable groups who can help build the capacity of Chinese organizations.