

Special Report

The Roles and Challenges of International NGOs in China's Development

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About this Report:

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Executive Summary:

International NGOs such as the Ford Foundation, China Medical Board, and World Wildlife Fund, have been coming to China since the start of the reform and opening period in the 1980s. Yet only a few are legally registered, and the remainder carry out their work using creative arrangements with Chinese characteristics. This report argues that, despite working in a tenuous political and legal environment, international NGOs have managed to play a significant role in promoting development in China through partnerships with government, business and civil society actors.

The report provides a detailed discussion of the following areas: (1) the policy environment for international NGOs working in China and how it has changed over the past 30 years; (2) the roles international NGOs play in shaping policy preferences and promoting participatory approaches in China; and (3) the limits and challenges facing international NGOs and their future in a rapidly globalizing country that seeks a greater voice on international issues.

I. Introduction

NGOs and INGOs are a subset of a very broad and diverse group of organizations that are part of what is called the third sector, the voluntary sector, the civil society sector, or the charitable or philanthropic sector. This sector consists of informal and formal groups, organizations and networks that share several common qualities. They are largely voluntary, nonprofit, private (e.g. nongovernmental) and self-governing.¹ They are also mission-driven although their missions vary widely from assisting their members (what are sometimes called mutual-aid or self-help organizations) to providing services to those in need to advocating on behalf of certain communities. Together these qualities distinguish this sector from government (the first sector) and business (the second sector), although the distinctions are not absolute and there is overlap between these sectors. For example, there is that species of NGO known as government-organized NGOs (GONGOs) that are either established by the government or have close connections with the government. There are also NGOs that look like consulting companies or adopt business models to achieve a social mission. Examples of the latter can be seen in the emergence of social enterprises, social investing and philanthropy venture groups.

In China, NGOs are commonly referred to as “civil organizations” (民间组织), “social organizations” (社会组织) or “public welfare organizations” (公益组织)。NGOs registered with Civil Affairs departments (民政局) are generally referred to as “social organizations” and separated into three categories: “social groups” (社会团体) which are similar to membership associations, civil non-enterprise units (民办非企业) which are similar to service providers, and foundations (基金会)。In addition, there are also many NGOs that are registered as businesses or are unregistered. These unregistered NGOs are often quite small and informal, and

¹ Lester Salamon and S. Sokolowski, *Global Civil Society: Dimensions of the*

based in urban and rural communities. Many scholars estimate there are more unregistered NGOs than registered NGOs in China.²

We use NGO and INGO as a loose shorthand for all these third sector organizations, even though as Nick Young and others point out, the acronym NGO only became popularized in the post-World War II era when the UN, which is made up of governmental organizations (GOs), wanted to invite other organizations as observers to UN meetings and events and referred to them as NGOs to distinguish them from the GOs. Over time, organizations such as foundations, relief organizations and networks and mutual-aid associations that had existed long before the UN began to call themselves NGOs. During the 19th century, these private organizations and networks engaged in highly publicized campaigns to bring about the end of slavery in the U.S., to fight for women's suffrage, and to end foot binding in China.³ From 1874 to 1914, the number of registered international NGOs rose from 32 to 1083, among them the International Red Cross and the International Olympic Committee. During the 20th century, and particularly after World War II, the number of INGOs grew rapidly and they came to play a significant role in international affairs. Today there are over 13,000 INGOs, with roughly a quarter of these emerging after 1990. In 1948, the UN Charter granted Consultative Status with the Economic and Social Council (ECOSOC) to qualified INGOs. These INGOs play a significant role in shaping negotiations at major global conferences on issues ranging from climate change to international trade.⁴

The INGOs we are concerned with in this chapter are generally formal organizations with staff and offices that are registered in developed countries and have programs and/or offices in China as well as other countries. They come from different traditions, hold different values, and realize their mission in different ways. Some

² See for example Wang Ming, "The Development and Present Situation of NGOs in China", *Social Sciences in China*, vol. 28, no.2 (Summer 2008), 99-100; Yu Keping, "Civil Society in China: Concepts, Classification and Institutional Environment" in Deng Zhenglai, ed., *State and Civil Society: the Chinese Perspective* (World Scientific, 2011), 88-89.

³ Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders: Advocacy Networks in International Politics* (Ithaca: Cornell University Press, 1998), 39.

⁴ Helmut Anheier, Marlies Glasius and Mary Kaldar, "Introducing Global Civil Society," in *Global Civil Society* (London: SAGE Publications, 2007), 4.

such as World Vision, Catholic Relief Services, Tzu Chi (the Taiwanese Buddhist organization), EED and Misereor were motivated by a religious impulse although many of these ultimately work to alleviate broader humanitarian and social problems. Others such as the Red Cross, Oxfam, Save the Children, Mercy Corps, and Plan emerged from a response to humanitarian crises and problems arising out of war, natural and man-made disasters. More recently, with rapid industrialization and the depletion of the earth's natural resources, the list of humanitarian problems have been broadened to include environmental crises that have spawned environmental NGOs such as The Nature Conservancy, the World Wildlife Fund, Greenpeace, Natural Resources Defense Fund, Conservation International. Finally, there is the philanthropic tradition that found powerful expression in the U.S. where wealthy industrialists such as Rockefeller, Carnegie and Ford established foundations for charitable purposes.

These traditions should not be thought of as mutually exclusive. There is now a great deal of overlap between these three traditions. Organizations from all three traditions address humanitarian and social problems, seeking to find ways to alleviate the social and environmental problems created by modernization, industrialization and globalization.

The INGOs covered in this chapter include all of these traditions. To keep the chapter manageable, we focus on INGOs involved in the development field because these are the organizations that are more likely to have an interest in carrying out programs and projects in China. This focus includes faith-based, humanitarian relief and development, specialist nonprofit consulting and implementing, and campaigning/advocacy organizations but leaves out a large part of the NGO community (see Table 1). Those not covered here include self-help or mutual-aid groups such as professional or trade associations or chambers of commerce that exist to share skills, techniques, information and set standards in their profession or trade. We also do not look at campaigning INGOs whose work touches on China but do not have China-specific programs, nor do we devote much attention to a category of "NGOs" associated with universities and think-tanks such as the Carnegie Foundation for International Peace and the Brookings Institution which have only begun to enter China very recently.

Table 1: Typology of NGOs

Faith-based organisations	World Vision, EDE, Misereor	Church congregations; individuals; public fundraising; grants from governments and private foundations.
Humanitarian Relief and development organisations	Oxfam, Save the Children, Plan, MSF, WWF and numerous environmental groups	Individual supporter base; public fundraising; grants from government and foundations
Private foundations	Ford, Packard, Gates, Starr, Kadoorie foundations.	Interest on funds endowed by their founders.
Specialist non-profit consulting and implementation agencies	Winrock, PATH, Pact, Family Health International; PlaNet Finance.	Government and foundation contracts and grants.
Campaigning organisations	International Rivers Network, Sweatshop Watch	Individual supporter base; foundation grants
Policy research think-tanks	Carnegie Foundation for International Peace	Government and foundation grants
Professional associations	American Bar Association; Hong Kong Social Workers Association	Membership fees; government and foundation grants
Mutual aid, self-help groups	Retina Hong Kong Heep Hong Society	Membership fees; government and foundation grants

Source: Nick Young (2005), “NGOs: the Diverse Origins, Changing Nature and Growing Internationalisation of the Species”, <http://www.chinadevelopmentbrief.com/node/297>.

In the following sections, we discuss the background behind the entry of INGOs into China after 1978, the Chinese government’s attitude and policy governing INGOs, the role of INGOs in realizing their missions through collaboration with different stakeholders, and the current challenges and limitations facing INGOs in China. We argue that, despite working in China under difficult and opaque conditions, INGOs have made a significant contribution to China’s development. This contribution is generally underappreciated given INGOs’ lack of legal status and their low operating profile in China.

II. Background on INGOs in China

From 1949-1978, China had very little contact with the outside world and very few dealings with international organizations and NGOs. That changed in 1978 with the

“reform and opening” policies which gradually expanded the range of activities that China engaged in with the international community. In addition to liberalizing the foreign trade and investment environment, and allowing international cultural and educational exchanges, the Chinese government also began to welcome the international development community to assist in China’s development. Multilateral lending agencies, such as the United Nations Development Program and the World Bank, followed by INGOs, began to set up operations in China as early as 1978.

In the late 1970s Chinese civil society began to grow as social resources flowed from a “government-controlled structure into a more multifaceted social structure”.⁵ The social demands influenced people to form their own associations to collectively tackle issues. At the beginning of the reform period, the Chinese government realized it could not meet all citizen needs through “planned economy” governance. NGO-like organizations called government-organized NGOs (GONGOs 官办组织) were established during the 1980s and began to enter into partnerships with multilateral agencies and INGOs.⁶ In the early 1990s, the emergence of grassroots Chinese NGOs of all colors and stripes added more diversity and complexity to a small but fast-growing civil society sector.⁷

The Ford Foundation was the first INGO to attain special operational status in China in 1988. The Foundation’s director of China programs, Peter Geithner, negotiated with the State Council to put it under the jurisdiction of the prestigious China Academy of Social Sciences.⁸ Following the example of the Ford Foundation, Beijing gradually formalized a path for other foreign organizations to follow mostly on a case by case basis. As discussed in the following section, with the exception of provisional regulations for foreign chambers of commerce, and the 2004 Foundation

⁵ Guosheng Deng, “The Hidden Rules Governing China’s Unregistered NGOs: Management and Consequences,” *The China Review* 10, no. 1 (2010): 185.

⁶ Deng 2010, 186.

⁷ For a comprehensive discussion of the many different types of organizations that populate the civil society sector in China, see Yu Keping, “Civil Society in China” and Wang Ming, “The Development of Civil Organizations and the Road to Civil Society in China” in Wang Ming, ed. *Emerging Civil Society in China* (Brill, 2011).

⁸ Norton Wheeler, “Nurturing Civil Society: A Joint Venture,” in *The Role of American NGOs in China's Modernization: Invited Influence 2012* (New York: Routledge, 2012), 168.

Regulations, the Chinese government has not developed a clear regulatory system for INGOs.

The emergence of a global civil society has also influenced the rise of NGO activity in China, as China's role in the international community continues to grow.

Globalization has created pressure for China to consider international factors in its decision-making, because the actions of China have greater consequences worldwide than before. In the words of one China scholar,

Globalization has posed serious challenges to the Chinese state. Nevertheless, the Chinese leadership has regarded globalization as a unique opportunity to rebuild the Chinese state... While nationalism is directed at building a strong and wealthy China, Chinese leaders recognized that such a goal could only be realized by integrating the country into the global community.⁹

The relations between state and society are changing, especially as China accepts international rules and seeks greater participation in the international community.¹⁰

China's rapid economic rise over the last three decades is contributing significantly to acid rain in Japan, global climate change, and the depletion of resources in critical areas such as energy, raw materials and food. As a result, China has participated in a growing number of international agreements to address these pressing global problems.¹¹ China's entrance into the World Trade Organization in 2001 was another major milestone in China's development as player in the international community. Since then, China's interaction with the international community has become increasingly complex and multidimensional. Ma describes this interaction taking three distinct but interrelated trajectories: "bilateral or multilateral cooperation at government levels or between the Chinese government and UN organizations; donations and other kinds of support for Chinese charitable organizations by foreign private businesses; and the international non-profit sector operation in China."¹² It is in this context of China's growing influence and participation in the international

⁹ Yongnian Zheng, "Globalization: State decline or state rebuilding?" in *Globalization and State Transformation in China* (Cambridge: Cambridge University Press, 2004), XVI.

¹⁰ Deng 2010, 184.

¹¹ Qiusha Ma, "It takes two to tangle," in *Non-Governmental Organizations in Contemporary China 2006* (New York: Routledge, 2006), 169.

¹² Ma 2006, 170.

community that global civil society actors are entering into China in growing numbers seeking to work with domestic actors to address China's developmental challenges.

Perhaps the most cited example of the impact of global civil society on China is the 1995 United Nations 4th World Conference on Women held in Beijing. This conference is widely seen as a turning point for the development of China's civil society. As part of this conference, a NGO forum on women played an important role in introducing the NGO concept to China.¹³ As the term NGO entered public discourse, organizations established by women as well as other groups, and even GONGOs such as the All-China Women's Federation (ACWF), began calling themselves NGOs.¹⁴ In the years following the UN Conference the political environment became increasingly hospitable to NGOs, and China saw significant increases in the number of international NGOs, GONGOs, and grassroots NGOs.

It is difficult to say exactly how many INGOs are now operating in China because the number of unregistered INGOs is quite large due to the absence of clear regulations for the registration and management of INGOs (see Section III). The same is true of grassroots NGOs which face similar problems to INGOs in terms of registration. Indeed, according to one NGO scholar, the number of "unregistered NGOs" -- defined as "those that are not registered directly with the Ministry of Civil Affairs" -- is quite large and includes "domestic organizations that have not registered but function as NGOs, unregistered foreign NGOs, and a large number of organizations that are registered as business enterprises but in reality operate as non-profit organizations".¹⁵ Recent estimates of the number of INGOs in China range widely from 1,000 to 6,000 and should be taken with caution given that it is unclear how these estimates were calculated. Deng Guosheng, a scholar at Tsinghua's NGO Research Center estimates that the number of INGOs in China, including registered and unregistered, probably ranges between 1,000 and 2,000.¹⁶ He cites the following estimates for the number of INGOs in China in 2000 which total more than 1,000:

¹³ Ma, 167.

¹⁴ Wheeler, 165.

¹⁵ Deng, 188.

¹⁶ Deng, 190.

700 foundations, 70 advocacy agencies, 200 charities and 150 faith-based NGOs.¹⁷ Another source cites another estimate by Wang Ming, another well-known Tsinghua University scholar, in the range of 3000-6000 INGOs by 2005. Of these, about 2000 are foundations, 1000 are implementing groups, 2500 are chambers of commerce and 1000 are religious organizations.¹⁸

Perhaps the most detailed data we have on INGOs in China comes from China Development Brief's directory of INGOs in China which has listings on over 200 INGOs. This directory was first published in 2005 and is currently being updated. The data provided here from this directory should therefore not be seen as the final statement on the numbers of INGOs, but rather suggestive. While it is not comprehensive and includes only a portion of all INGOs in China, it does provide us with some idea of when INGOs came into China, the sectors they are working on, and their country of origin. Table 2 for example suggests that the number of INGOs coming to China rose steadily in the 1980s and 1990s, with a more dramatic rise after the World Women's Conference in 1995. This post-1995 trend is consistent with what other scholars have said.¹⁹ The numbers of INGOs coming to China continued to rise in the last decade but not as rapidly as in the late 1990s. According to Table 3, aside from the cross-sectoral INGOs, the most popular sectors for INGO work are the environment, public health (including HIV/AIDS), and education. In terms of country of origin, the largest group of INGOs by far come from the U.S., followed by Hong Kong and the United Kingdom (Table 4).

Table 2 Number of NGOs entering China since 1978, by time period

Entry year	Before 1978	1978-1980	1981-1986	1986-1991	1991-1996	1996-2001	2002-2008	Unknown	Total
No.	7	8	16	24	38	78	35	15	221
%	3.2	3.7	7.3	11.9	16.6	35.3	15.8	7.2	100

¹⁷ Nancy Yuan, "Congressional-Executive Commission on China," Annual Report 108, first session (2003).

¹⁸ Mu Huang, "Hard to Lend a helping Hand: The Obstacles in Registration and Operation of International Nongovernmental Organizations in China," in *The George Washington International Law Review* 44, (2012): 4.

¹⁹ See Ma 2004, and Deng 2010, 186.

Table 3 Major foci of INGOs currently in China, by organization

	Health/ HIV	Education	Multi-Sector	Capacity Building	Environment
No.	36	27	45	15	42
%	16.3	12.2	20.4	6.8	19

	Rural Development	Children	Disability	Other	Total
No.	7	15	11	23	221
%	3.2	6.8	5	10.4	100

Table 4 Country origins of INGOs currently in China

	US	HK	UK	Japan	ROK	Germany	France	Swit- zerland	Other	Tot
No.	99	35	27	5	6	7	6	5	31	221
%	44.8	15.84	12.28	2.26	2.26	3.18	2.26	2.26	14.03	100

Source for Tables 1-3: *China Development Brief, Directory of International NGOs in China (forthcoming)*

III. Chinese Government Policy toward INGOs: Uneasy Coexistence

During the “reform and opening” period, the Chinese government’s attitude and policy toward international NGOs has been to tolerate them by default, and to avoid issuing a clear set of policies and regulations that would legitimize their presence. This attitude is broadly consistent with the Chinese government’s divergent responses to international NGOs over the last 30 years. These responses range from toleration on one extreme to suspicion on the other. On one hand, the government sees international NGOs as valuable in providing development assistance in the form of money, manpower, technology and expertise to addressing China’s many development challenges and providing disaster relief. The government’s tolerance of international NGOs can also be seen as part of the more open attitude in the “reform and opening” period toward welcoming international organizations such as the UNDP and World Bank, multinational companies and universities into China. These international organizations represent potentially valuable partners for Chinese government agencies and government-supported institutions and organizations, at both the national and local levels.

On the other, the government is also wary of the role of international NGOs as potential competitors for international funding and because of the values they represent, particularly INGOs engaged in the promotion of democracy and “Western values”²⁰. This suspicion of international NGOs became especially visible after the “color revolutions” that took place in 2004 some of the former Soviet republics such as the Ukraine and Georgia. Chinese leaders and their advisors saw NGOs, such as the National Endowment for Democracy, the International Republican Institute and the Open Society Institute, as playing a key role in bringing down authoritarian governments in these countries. In the aftermath of the “color revolutions”, Chinese authorities launched an investigation of both international and Chinese NGOs and commissioned studies of NGOs in China. The Ministry of Foreign Affairs was also said to have opened a Foreign NGO Management Office within their Bureau of International Organizations to review the work of foreign NGOs in China.²¹

Chinese government efforts to regulate this sector reflect these contradictory attitudes toward INGOs. When INGOs first began to enter China in the late 1970s and 1980s, there were no laws or regulations governing their registration or management, largely by default. As Deng Guosheng notes, during this period, there was little understanding of what NGOs were.²² Indeed, it was not until the World Women’s Conference in 1995 that many Chinese came to learn about NGOs. In addition, during this period, the Ministry of Civil Affairs simply lacked the expertise and the staff to develop, implement and enforce such regulations.

In the absence of regulations, INGOs found ways to work in China in various ways, sometimes registering with the Industry and Commerce bureau as a representative office of a foreign enterprise, and other times remaining unregistered while working

²⁰ Renee Hsia and Lynn White, “Working Amid Corporatism and Confusion: Foreign NGOs in China,” in *Nonprofit and Voluntary Sector Quarterly* 31, no. 3 (2002): 336-337.

²¹ Yongding, “China’s Color-Coded Crackdown,” *YaleGlobal Online*, last modified October 18, 2005, <http://yaleglobal.yale.edu/content/chinas-color-coded-crackdown.>; Paul Mooney, “How to Deal with NGOs- Part I, China,” *YaleGlobal Online*, last modified August 1, 2006, <http://yaleglobal.yale.edu/content/how-deal-ngos-%E2%80%93-part-i-china.>

²² Deng 2010, 193.

on projects through their local Chinese partners²³. Not surprisingly, local authorities were also unclear on the legal status of INGOs and began asking the Ministry of Civil Affairs for guidance whenever they encountered or were approached by INGOs. It was not until the late 1980s that the Ministry of Civil Affairs developed internal guidelines for INGOs that basically stated that even though INGOs lacked legal status, authorities should not intervene in their affairs or ban them unless they threatened state security or social stability²⁴. Deng Guosheng argues that these internal guidelines help to explain why INGOs remain in China even after 2000 when the Provisional Regulations for Banning Illegal NGOs were issued. Under these Provisional Regulations, INGOs (as well as many domestic NGOs) were technically illegal, but were generally tolerated as long as they did not engage in illegal or sensitive activities²⁵.

The late 1980s marked the beginning of a period when the Chinese government began to gradually develop laws and regulations governing both domestic and international NGOs. The regulations for domestic NGOs (or social organizations 社会组织 in Chinese) were developed more quickly and comprehensively than those for international NGOs. Regulations for Foundation Management (基金会管理条例) were first issued in 1988 and reissued in revised form in 2004. Regulations for the Registration and Management of Social Organizations (社会团体登记管理条例) came out in 1989 and were reissued in revised form in 1998. Provisional Regulations for the Registration and Management of Civil Non-Enterprise Units (民办非企业单位登记管理暂行条例) also came out in 1998. In 1999, the Public Welfare Donation Law of the People's Republic of China (中华人民共和国公益事业捐赠法) was promulgated to regulate donations in the public welfare sector. There are currently ongoing efforts within the Ministry of Civil Affairs, State Council and National People's Congress to revise the regulations for social organizations, civil non-

²³ Huang 2012, 10.

²⁴ Deng, 190

²⁵ Deng, 190

enterprise units and foundations, and draft a Charity Law that would replace the Public Welfare Donation Law.²⁶

In contrast to the regulations for domestic NGOs, regulations for INGOs have developed much more slowly and sporadically. The first, and still the only national-level regulations solely directed at INGOs, were issued in 1989 for foreign chambers of commerce. The Interim Provisions on Administration of Foreign Chambers of Commerce in China (外国商会管理暂行条例) can be seen as a complement to the 1979 Law on Sino-Foreign Equity Joint Ventures (中华人民共和国中外合资经营企业法) which regulates foreign for-profit enterprises. The Foreign Chamber of Commerce regulation thus focuses only on a subset of INGOs in China whose mission is to promote trade, economic and technological exchanges between their members and China and to assistance for their members through international trade, economic and technological research and exchanges²⁷. Because foreign chambers of commerce were seen as important in creating an environment for foreign firms to do business in China, they have been given preferential treatment compared with other INGOs. Not only is there a set of regulations devoted to this category of INGOs, but foreign chambers of commerce do not need to find a “professional supervisory unit” (essentially a government agency that works in that INGO’s sector) to sponsor it before registering with the Civil Affairs bureau. Instead, foreign chambers of commerce only need to get approval of the Ministry of Foreign Economy and Trade (MOFERT) (now the Ministry of Commerce), which serves only as an approval agency not as a supervising agency.²⁸ Moreover, while the Foreign Chamber of Commerce regulations allow only one chamber of commerce per nation to register, the reality is that some countries have multiple chambers of commerce. For example, there is a U.S. Chamber of Commerce in Shanghai, an American Chamber of

²⁶ For a fuller discussion of the development of the legal and regulatory environment for NGOs, see Zhu Weiguo, “Legal Developments Pertaining to Civil Organizations,” in Wang Ming, ed. *Emerging Civil Society in China, 1978-2008* (Boston: Brill Academic Publishers, 2011), 124.

²⁷ Zhu, p.124

²⁸ Ma 2004, 173.

Commerce South China in Guangdong, and Am Cham China which is actually the U.S. Chamber of Commerce in Beijing²⁹.

The 1989 Regulations for the Registration and Management of Social Organizations, which was issued a few months after the Foreign Chamber of Commerce regulations, suggested that regulations for other categories of INGOs would be forthcoming, but none were ever issued³⁰.

Aside from the Foreign Chamber of Commerce regulations, the only other regulations that pertain to INGOs are the revised 2004 Foundation Management regulations and the 2010 Yunnan provincial regulations that provide INGOs with a way of gaining legal status through a process known as documentation (bei'an 备案). These regulations are more restrictive than the Foreign Chamber of Commerce regulation and only a few INGOs have succeeded in registering under them.

The 2004 Foundation regulations for the first time addressed the situation of foreign INGOs by allowing them to register a representative office in China. While the regulations refer specifically to foundations, there appears to be some flexibility in how the term is applied to INGOs. As a China Development Brief article notes, the regulation's definition of public fundraising foundations, which both raise their own funds and implement their own projects, is very similar to the status of many operational INGOs.³¹ And indeed, that flexibility appears to have been carried out in practice as a few of these INGOs appear on the table of INGOs registered with Civil Affairs under the 2004 regulations.

To register under the 2004 regulations, foreign INGOs must, like their Chinese counterparts, meet certain requirements. First and foremost, they must find a professional supervisory unit in their sector who is willing to be responsible for supervising them. They also have to engaged in public-interest activities and may

²⁹ Zhu, 2011, 124.

³⁰ Zhu, 123. Article 30 states "as for measures for the registration of social groups by non-Chinese citizens and Chinese citizens outside of China, regulations will be made separately."

³¹ "Blurred Law May Be Better Than None," *China Development Brief*, last modified June 10, 2004, <http://www.chinadevelopmentbrief.com/node/110>.

not engage in fundraising or accept donations within China. After the 2004 regulations were issued, the Ministry of Civil Affairs requested that foreign foundations reregister under the Foundation Management regulations. Yet only a few foundations and NGOs have managed to do so because of the difficulty of finding a professional supervisory unit. By 2007, only 11 foreign foundations and NGOs had managed to register under the 2004 regulations. By 2012, that number had increased slightly to 18 (see Table 5)³².

TABLE 5: INGOs Registered with the Ministry of Civil Affairs in China in Order of Registration Date

English name	Chinese name	Country of Origin	Status	Government body
World Economic Forum	世界经济论坛		Beijing Representative Office (代表处)	National Development and Reform Commission
The Bill and Melinda Gates Foundation	比尔及梅琳达·盖茨基金会	U.S.	Beijing Rep Office	Ministry of Health
William J. Clinton Foundation ³³	威廉·杰斐逊·克林顿总统基金会北京代表处	U.S.	Beijing Rep Office	Ministry of Health
Cyrus Tang Foundation	唐仲英基金会	U.S.	Jiangsu Office (办事处)	Overseas Chinese Affairs Office
China-MSD HIV/AIDS Public-Private Partnership, Inc	中国-默沙东艾滋病基金会	U.S.	Beijing Rep Office	Ministry of Health
Project Hope	世界健康基金会	U.S.	Beijing Rep Office	Ministry of Health
Chinese Children Charities	中华孤残儿童基金会	U.S.	Beijing Rep Office	Ministry of Civil Affairs
Hong Kong Yin Shun Leung Charitable Foundation, Ltd.	应善良福利基金会	Hong Kong	Shanghai Office	Overseas Chinese Affairs Office
China Kind Fund	中华爱心基金会	Hong Kong	Beijing Rep Office	State Ethnic Affairs Commission
World Wildlife Fund	世界自然基金会	Switzerland	Beijing Rep Office	State Forestry Administration

³² To see how this list has changed from 2007 to 2010, see the China Kind Fund's website at <http://www.ckf.org.cn/info.asp?id=4236>.

³³ Does appear in the 2011 list.

Li Ka Shing Foundation	李嘉诚基金会	Hong Kong	Beijing Rep Office	Ministry of Civil Affairs
Half the Sky Foundation	半边天基金会	U.S.	Beijing Rep Office	Ministry of Civil Affairs
Fondation Mérieux	梅里埃基金会	France	Beijing Rep Office	Ministry of Health
Hong Kong Shun Lung Yan Chak Foundation Limited	香港顺龙仁泽基金会	Hong Kong	Shunde (Guangdong) Rep Office	Ministry of Civil Affairs
Energy Foundation	能源基金会	U.S.	Beijing Office	National Reform and Development Commission
Holt International Foundation of China	中华浩德国际基金会	U.S.	Beijing Rep Office	Ministry of Civil Affairs
Conservation International	保护国际基金会	U.S.	Beijing Rep Office	N/A
New Hope Foundation	新希望基金会	Hong Kong ³⁴	Beijing Rep Office	N/A
The China Medical Board	美国中华医学基金会北京代表处	U.S.	Beijing Rep Office	N/A

Source: the Ministry of Civil Affairs website (www.chinanpo.gov.cn) only lists 15 INGOs, but one INGO showed us a more recent list of 16 that was shared at a 2012 meeting between the Ministry and the INGOs on this list.

Generally speaking, the organizations that have managed to register are well-connected and have a clearly defined area of work and thus are able to find a professional supervising unit³⁵. Examples include Half the Sky, which has worked closely with the Ministry of Civil Affairs in improving orphan care nationwide, and the Bill and Melinda Gates Foundation which works closely with the Ministry of Health on public health problems. In contrast, other foundations such as the Ford Foundation, which is also well-connected and has a much longer history in China than Gates, have had more difficulty securing a professional supervisory unit because they work in multiple areas.

³⁴ This foundation is based in Taiwan.

³⁵ One misconception is that only international foundations can register under the 2004 Foundation Regulations, but the regulations do not make any hard and fast distinction between foundations and operational NGOs, and the list of registered organizations does in fact include both organizations registered abroad as foundations and as operational NGOs.

In December of 2009, the Yunnan provincial government issued a set of regulations directed specifically at INGOs. With the exception of the Foreign Chamber of Commerce regulations, the Yunnan regulations are the first ever to be directed at foreign NGOs and is seen by some observers as a model for national-level regulations governing INGOs³⁶. According to one scholar, the Yunnan regulations came about due to the rapid growth of grassroots community-based organizations (CBOs) in sectors such as HIV/AIDS due to the influx of AIDS funding from international organizations such as the Global Fund, UNAIDS, and the Gates Foundation.³⁷ This new regulation requires INGOs to file documentation (备案) with the provincial Civil Affairs and Foreign Affairs departments. It does not give INGOs “legal person” status, but is seen as an intermediate step toward that end.³⁸ As part of the documentation process, the INGO must also document every project it carries out in the province as well as its local partners. Interviews with INGOs in Yunnan suggest that they welcome the opportunity to gain quasi-legal status, but have encountered some problems with implementation and find parts of the new regulation to be overly restrictive. For example, INGOs that file documentation must work with local partners that are properly registered. This means that local grassroots groups that are unregistered or registered as businesses may no longer be able to work and accept funding from INGOs as a result of the documentation system.³⁹ The Yunnan provincial Civil Affairs website currently list 29 INGOs that have filed for documentation based on these new regulations⁴⁰.

Aside from issuing regulations, the Chinese government at both the central and provincial levels have established domestic intermediary organizations that act as liaisons between the government and INGOs. As early as 1984, with the support of UNDP, the Chinese government sent a delegation to Europe to learn about INGOs and possibilities for collaboration. This investigation led to the establishment of the Division of International NGO Liaisons in 1985, and later the China Association for

³⁶ Karla Simon, “Recent Developments in Chinese Law Regarding CSOs/NGOs” (June 10, 2010), www.iccsl.org/pubs/China_Recent_Developments_June_10.pdf.

³⁷ Jessica Teets, “The Emergence of Consultative Authoritarianism in China: Contending Models of Civil Society Management” (draft, 2011).

³⁸ Simon.

³⁹ Teets. Interviews with INGO staff in Beijing. June 22, 2011.

⁴⁰ <http://yunnan.mca.gov.cn/article/mzyw/201102/20110200133843.shtml>.

NGO Cooperation (CANGO 中国国际民间组织合作促进会) in 1992, both under the supervision of the China International Center for Economic and Technical Exchanges (CICETE), an office under the Ministry of Commerce⁴¹. Some provinces such as Yunnan, Anhui, Beijing have also established their own NGO associations to work with INGOs, generally under the supervision of the provincial Department of Commerce.⁴² CANGO and these provincial associations offer a platform for international organizations to work in China by finding them Chinese partners, providing a range of services to support their projects in China, and promoting exchanges between international and Chinese organizations through workshops, training, study trips and conferences⁴³.

To sum up, the Chinese government's attitude and policy towards INGOs over the last 30 years has been largely to tolerate them by default without creating a clear set of laws or regulations governing their activities. Multiple reasons are offered for this state of affairs. One has to do with the perceived sensitivity of INGOs and their association with Western values such as democracy, participatory governance, and human rights. By not issuing laws and regulations for INGOs, the Chinese government avoids legitimizing these organizations and providing them a legal basis for their activities. As one INGO staffer who has had long experience working in the sector notes, this policy of having no policy is convenient for authorities because it allows them to ban INGOs if their work is seen as threatening to state security or social stability⁴⁴. Lacking legal status, INGOs are thus more careful in their work, and keep a low profile, knowing that one wrong move could result in their expulsion from China. Another reason has to do with lack of understanding and resources for creating a regulatory framework for INGOs. Civil Affairs authorities, particularly at the local level, are understaffed and do not want to discourage INGOs from bringing in development aid and assistance. At the same time, authorities are unsure how to craft nuanced legislation that will welcome certain categories of INGOs while discouraging INGOs working in more sensitive areas. The current state of affairs thus allows Civil Affairs to avoid the delicate issue of issuing and enforcing concrete

⁴¹ Ma, 174.

⁴² Yin 2009, 524.

⁴³ www.cango.org

⁴⁴ Interview in Beijing, March 20, 2012.

regulations for INGOs, and possibly getting entangled in international incidents. If INGOs are suspected of violating laws, or engaging in sensitive activities, then Civil Affairs can let the security bureaus deal with them⁴⁵

That said, the Chinese government's attitude appears to have changed over the last few years as more INGOs come to China and enter into this unregulated space. The 2004 Foundation Management Regulations, and the 2010 Yunnan provincial regulations indicate that the Chinese government is now taking gradual steps to better regulate INGOs. In a recent analysis on legal developments in the NGO sector, Zhu Weiguo, the director of the State Council's Legal Affairs Office, notes that introducing regulations for managing "foreign-involved" matters is an urgent priority⁴⁶. If the Yunnan provincial regulations are an indication, we may perhaps see national-level regulations come out in the near future that allow INGOs broadly defined to gain legal status in China. Until then, the situation remains uncertain and ambiguous for the large majority of the estimated 1,000-6,000 INGOs in China that remain unregistered. As the next section shows, however, the ambiguous legal status of INGOs has not prevented them from playing a significant role in contributing to China's economic and social development.

IV. The Roles of INGOs in China: Collaboration, Policy Influence and Civil Society Promotion

In this chapter we focus on a certain subset of INGOs who come to China for development related purposes. This subset focuses on organizations engaged in development work that provide aid, assistance and services to vulnerable sectors of China's population, and assist China in meeting other development needs such as disaster relief and reconstruction and environmental degradation. The role of these INGOs in China can be discussed in terms of their ends and means. In terms of their ends, INGOs are in China to realize their mission in addressing development challenges specific to their sector. Thus, environmental INGOs such as WWF, TNC,

⁴⁵ Deng 2010, 193-4.

⁴⁶ "Legal Developments Pertaining to Civil Organizations," p.150.

the Environmental Defense Fund and the Energy Foundation, seek to address problems of environmental degradation and resource depletion stemming from China's rapid growth, while other INGOs such as Family Health International and the Gates Foundation seek to address health-related challenges in China. In terms of means, INGOs need to work out strategies for how best to accomplish their mission. This has meant finding local partners and working with them to implement projects and realize common goals. Thus, in terms of means, an important role of INGOs in China has been to build partnerships and collaboration among different stakeholders.

Two distinct strategies or modes of collaboration that can have emerged are (1) a top-down mode of working with government and corporate decision makers to shape policy; and (2) a bottom-up mode of working with local governments and communities, academics and Chinese NGOs to encourage participatory governance and promote civil society development. These two modes are by no means mutually exclusive and in many cases, INGOs pursue both top-down and bottom-up strategies simultaneously in their work. An early example is the involvement of INGOs in promoting village elections in the 1990s. U.S.-based NGOs such as the Carter Center, International Republican Institute (IRI) and Ford Foundation became involved in the village election experiment in China by providing funds, technical and programmatic support and training.⁴⁷ The government had a supportive attitude towards this involvement because they viewed the village elections as positive for China's image in the world, but not so significant as to undermine the fundamental basis of China's political regime. By focusing on the more technical aspects, and not fundamental issues concerning the Chinese political regime, the INGOs were able to gain the trust and collaboration of the Chinese government in promoting participatory governance at the grassroots level.

The World Wildlife Fund (WWF), which is the earliest environmental INGO to come to China when it was invited by the Chinese government in 1980 to assist in protecting the giant panda, has also set an example for cross-sectoral collaboration. One scholar notes the most important contribution of WWF has in fact been its

⁴⁷ Deyong Yin, "China's Attitude Toward Foreign NGOs," *Washington University Global Studies Law Review* 8, no. 521 (2009): 537.

approach in partnering with the Chinese government, corporations and local NGOs⁴⁸. Over the years, WWF has expanded its original goals from conservation and environmental protection to greater emphasis on mainstream stakeholders. The 2011 WWF annual report discusses the “evolution of conservation” and how that has influenced the breadth of WWF operations in countries like China. Since the creation of WWF in 1961, their work has gradually expanded from protected threatened species, to habitat conservation, to eco-regional planning, to community planning. Their work also includes addressing market forces as the ever-increasing global demand for commodities has led to habitat destruction. WWF’s markets program includes restoring fisheries, promoting sustainable resource production and encouraging large companies to “green” their supply chains, among many other projects. WWF recognizes that conservation cannot just be achieved by international NGOs like WWF, but rather “Success will depend enormously on partnerships, our membership, political support and the broad support of the populations we work with—so we must think about how to strengthen the conservations movement more broadly.”⁴⁹ Another example of cross-stakeholder collaboration was the 2009 Yangtze River Forum organized by WWF. At this forum WWF, along with government officials, businesses, academics and NGOs, discussed issues such as water management and renewable energy issues and recommendations.

In an effort to have broader systematic effects, INGOs like the WWF have increasingly sought to work with Chinese authorities hoping to shape government preferences and policy. About three to four years ago, WWF began working with the Ministry of Commerce on a “China Going Global” program to set up environmental guidelines for companies who are investing overseas. WWF also submits reports to different government ministries in the hopes that those reports will have some effect. For example, in the past WWF has submitted sustainable mining guidelines to the National Reform and Development Commission, the top planning agency for the Chinese government.⁵⁰

⁴⁸ Qiusha Ma, “It takes two to tangle,” in *Non-Governmental Organizations in Contemporary China 2006* (New York: Routledge, 2006), 185.

⁴⁹ WWF 2011 Annual Report.

⁵⁰ Interview with WWF staff member, March 16, 2012.

The Bill and Melinda Gates Foundation also views bringing together different stakeholders as an important part of their work. Over the last few years, the Gates has shifted its work from local programming to a growing emphasis on advocacy and policy work. Local programming includes the HIV program which develops a model of prevention based on care for people living with HIV/AIDS. This program involves collaborating with local health bureaus, hospitals and NGOs or community-based organizations (CBOs). The Tuberculosis program tests new diagnostic and treatment tools, and helps position China as a global leader in the control of Multiple Drug Resistant TB. The recent emphasis on advocacy and policy influence can be seen in the foundation's recent funding to combat the mounting smoking epidemic in China through the "Tobacco Control through Policy Advocacy and Social Norm Change in China" Program initiated by the Foundation in 2011. Efforts to influence policy involve collaboration with government agencies such as the Ministry of Health to support anti-smoking policy changes and the use of social media to change norms about smoking. Like a number of other large INGOs, the Gates Foundation also seeks to shape policy by commissioning academic papers and reaching out to individual government officials and local government agencies, for example, providing advice on the 12th Five Year Plan regarding poverty and health issues⁵¹.

Another example of INGO collaboration with Chinese state actors is between the Ford Foundation and the Party School Translation Bureau. The Ford Foundation's China representative from 1995-1999, Tony Saich, and Yu Keping of the Party School's Translation Bureau and promoter of gradual political reform, worked together on several projects funded by the Ford Foundation on local government reform in the 1990s⁵². Yu became familiar with local governance innovation programs the Ford Foundation had funded in Latin America, Southeast Asia, Africa and the US, and proposed the Ford Foundation support a similar program in China. Despite initial reservations about the success of such a program in China, the program has succeeded in its goals of promoting more local government transparency and accountability. One example of success is the recognition awarded local governments by the China Center for Comparative Politics and Economics (the branch of the Translation Bureau that administers the program). This program is unmatched in its

⁵¹ Interview with Gates Foundation staff member, March 12, 2012.

⁵² Wheeler 2012, chapter five.

ability to encourage non-governmental people to evaluate and judge the quality of the government.⁵³

INGOs also collaborate with businesses to shape their preferences and actions, particularly as these businesses expand into regional and global markets. A number of environmental INGOs are now working with Chinese companies to act in a responsible way when securing commodities in overseas markets. While these INGOs are still operating programs and projects, this recent collaboration is very different than what they used to do. The WWF's "Going Global" program mentioned above is one example. The WWF is also identifying which commodities have a large environmental impact and then targets top global companies to reshape the sustainable development of these commodities. A staff member of WWF used the example of palm oil production in China which involves the clearing of large tracts of forest and replanting palm trees. WWF targets the top 100-300 global companies in an effort to reshape the palm oil production and develop industry guidelines. WWF is now working with industry associations and companies in China on this effort⁵⁴. Similarly, the Nature Conservancy is working with Chinese state-owned companies to shape their investment strategies in Myanmar.

INGOs have also played an important role in collaborating with local authorities, communities, and Chinese NGOs to encourage citizen participation in decision-making and promote civil society development. The province of Yunnan, an early destination for many INGOs working in China, offers a good case study of this collaboration at the local level. Beginning in the mid-1990s with the arrive of the large U.S. environmental INGO, The Nature Conservancy, Yunnan's rich biodiversity, lack of development and HIV/AIDS epidemic has made it an attractive destination for international funding agencies and INGOs interested in environmental, poverty alleviation and HIV/AIDS prevention work⁵⁵. At the same time, local

⁵³ Wheeler 2012, chapter five.

⁵⁴ Interview with WWF staff member, March 16, 2012.

⁵⁵ Timothy Hildebrandt and Jennifer Turner, "Green Activism: Reassessing the Role of environmental NGOs in China," in Jonathan Schwartz and Shawn Shieh, eds., *State and Society Responses to Social Welfare needs in China: Serving the People* (Routledge, 2009), pp.104-105.

authorities in Yunnan, lacking the capacity and resources to address these development challenges, viewed INGOs as an attractive source of funding and expertise and welcomed them to work in the province. When INGOs came into Yunnan, they looked to work with and fund grassroots groups through bottom-up initiatives that promoted participatory methods, but they also worked with local authorities and GONGOs as a way to influence the local policy process. As one scholar of Chinese civil society notes, “the Yunnan model of civil society management from the mid-1990s to the mid-2000s had two main characteristics: heavy reliance on INGO funding and resources; and collaboration between groups [INGOs, grassroots NGOs, GONGOs] and local governments”⁵⁶.

While this Yunnan model of INGO collaboration with local authorities, GONGOs and grassroots NGOs was less prominent in other parts of the country, INGOs on the whole have played an important role in cultivating China’s civil society both by funding grassroots NGOs and partnering with them. Indeed, a number of studies have found that many Chinese NGOs rely heavily on international funding.⁵⁷ In some cases, international funding of grassroots NGOs is not so apparent because international foundations may disburse funds first to a GONGO or a university or research institute which serves as an intermediary platform for getting money to small NGOs or community-based organizations (CBOs). Such is the case with the Gates Foundation which funds HIV/AIDS CBOs for AIDS prevention work through the Center for Disease Control and national-level GONGOs such as the China STD & AIDS Association and Chinese Preventive Medicine Association⁵⁸.

A case study of the Ford Foundation’s grantmaking in China illustrates just how significant an impact INGOs have had in building China’s civil society. Ford Foundation grants to Chinese NGOs have increased dramatically since the late 1980s with a growing percentage of their funding devoted to civil society starting in the late 1990s⁵⁹. According to one scholar, “Wuhan University Center for the Protection of Rights of Disadvantaged Citizens, Peking University Center for Women’s Legal Aid,

⁵⁶ Teets, p.9.

⁵⁷ Jonathan Schwartz and Shawn Shieh, *State and Society Responses to Social Welfare Needs*, pp.186.

⁵⁸ Email correspondence sent by a Gates Foundation staff member, May 3, 2012.

⁵⁹ Ma, p.191.

and Red Maple Women's Hotline, all pioneering NGOs in China, rely on the Ford Foundation for approximately 70 and 100 percent of their funds".⁶⁰ The purpose of this funding is to support local NGOs in their endeavors to promote civil society in China.

Another example of INGOs supporting civil society development in China is the National Committee on U.S.-China Relation's Civil Society project. This project focused on two areas in China's civil society: environment and education. Both projects operated under a grant from the Henry Luce Foundation. The environmental project provided an outlet for transnational interaction to involve Chinese citizens in environmental policymaking.⁶¹ In contrast, the education project focused more on network formation. Wheeler writes, "Whereas the most significant outcomes (or attempted outcomes) on the environmental front were bringing Chinese civil society actors into dialogue with both Chinese governmental institutions and foreign organizations, the education project catalyzed the formation of a lasting network among leaders of existing Chinese civil society institutions."⁶² The National Committee project was distinctive in the way it brought local-level players together with policy makers.

Over the last few years, as China's GDP and living standards continues to rise, INGOs are finding that their role, leverage and impact in China has changed. As a staff member at a major U.S. foundation noted, the impact and leverage of INGOs is one the decline. When INGOs first began operations in China, China's development needs were substantial and a small amount of foreign funding went a long way to meeting those needs, so INGOs were welcomed by the Chinese. Currently China is becoming less dependent on foreign funds and other foreign resources. The staff member noted that now the role of INGOs is changing in a way that now INGOs are seeking to bridge the gap between China and the international community. China is now more of an equal partner on the global scale and no longer solely a recipient of foreign aid. China is moving toward the role of donor and is contributing more to international development.

⁶⁰ Ma, p.195.

⁶¹ Wheeler, chapter five.

⁶² Wheeler, chapter five.

V. Limits and Challenges Facing INGOs in China

While INGOs have made great strides in China and significant contributions to addressing China's development issues and promoting civil society, they still face major limitations and challenges in their work.

One source of these limitations and challenges come from a political and legal environment that continues to be unwelcoming to INGOs. The Chinese government's suspicions about the intentions of INGOs after their role in the "color revolutions" have not entirely subsided. In December of 2009, the State Administration of Foreign Exchange (SAFE) came out with more stringent regulations on foreign donations coming into China. These regulations indicate that Chinese authorities are concerned about better monitoring the kind of activities and organizations being supported by funding from INGOs overseas.

The lack of clear laws and regulations, which as we noted earlier reflect the Chinese government's ambivalent attitudes towards INGOs, continues to be a major concern for INGOs. At a recent roundtable discussion on international and Chinese NGO cooperation hosted by the Beijing NGO Association for International Exchanges, among several issues mentioned registration was identified as one of the top issues facing INGOs operating in China. Interviews from INGOs suggest that there are new concerns that regulations such 2009 SAFE regulations, and the Yunnan provincial government's regulations asking INGOs to file for documentation, are being used to more closely monitor and supervise the work of INGOs, especially their collaboration with local Chinese NGOs.

Since 2010, there has been a concerted effort by the Chinese government to reach out to INGOs and reassure them by holding an annual welcome event. In the government's welcoming speech, they mention the specific areas they invite INGOs to work on which include the traditional areas of education, poverty relief, disabilities, children, etc. The message seems to be that while there are no clear regulations

governing INGOs, they are still welcome in China as long as they operate within approved areas⁶³.

As Anthony Spires argues in a recent article, the lack of political and legal protections for INGOs working in China serves as a disincentive to supporting or partnering with Chinese grassroots NGOs which themselves lack similar protection⁶⁴. “Rather than invite expensive audits from a skeptical U.S. tax agency and risk the ire of the Chinese government by supporting ostensibly illegal and perhaps political suspect grassroots NGOs, U.S. grantmakers are encouraged by the systems in which they operate to support government-approved choices in China, namely GONGOs, academic institutions and government agencies themselves.” Spires goes on to document how only about six percent of the funding from U.S. grantmakers goes to grassroots Chinese NGOs. Spires’ data underestimates the support by U.S. and other international NGOs for civil society activities in China. In reality, international grantmakers do find creative ways to support Chinese civil society by funneling monies through GONGOs and academic institutions, or supporting conferences and publications on civil society topics. But Spire’s larger argument points to an important limitation on INGO work in China.

INGOs also face challenges in dealing with what remains a highly asymmetrical and somewhat competitive relationship between INGOs and Chinese NGOs. While a number of INGOs collaborate with and fund grassroots NGOs, the reality is that many operational INGOs, as opposed to international grantmaking foundations, also compete with local NGOs for funding, staff and volunteers. One study cites a common concern of environmental NGOs in Yunnan who feel they are being “squeezed out by international NGOs, which tend to take financial and human resources that might otherwise go to domestic groups”⁶⁵. Ma writes, “With their well-defined mission and recognizable non-profit status, as well as experience in fundraising and working in developing countries, many international NGOs are in a

⁶³ Interview in Beijing with a staff member of an international foundation, March 13, 2012.

⁶⁴ “Organizational Homophily in International Grantmaking: U.S.-based Foundations and Their Grantees in China,” *Journal of Civil Society*, 7:3 (September, 2011), p.311.

⁶⁵ Hildebrandt and Turner, p.106.

more advantageous position to receive funding than are China's NGOs".⁶⁶ In contrast, grassroots Chinese NGOs lack sufficient management and technical experience, influence and resources to operate large-scale and long-term programs. Local NGOs also lack the same access to information regarding trends and methodologies from civil societies around the world and have a general lack of understanding of the professional and ethical standards governing nonprofit organizations.⁶⁷ As a result local NGOs are unable to effectively design program to fulfill their missions. The strengths of INGOs combined with the weaknesses of local NGOs leads not only to an unequal distribution of funds but also discourages many INGOs from funding or partnering with smaller grassroots NGOs that are perceived as lacking capacity. This asymmetry is yet another reason for the trend observed by Spires whereby the lion's share of international resources flowing to China do not get to Chinese NGOs.

Finally, INGOs have to deal with the growing challenge of adjusting their missions and strategies to China's rapidly changing place in the world. When INGOs first came to China in the 1980s, they encountered a country that was still relatively closed to the international community, inward-looking, poor and highly dependent on foreign capital, markets, technology, and expertise to modernize their economy. China today has changed substantially. It is now connected in many ways to the international community, and highly interdependent on the global economy and society. Moreover, it is now entering the ranks of the middle-income countries and is no longer seen by the international community as needing international aid and assistance. As international aid gradually withdraws from China, INGOs are now looking to reposition themselves in this new environment, by working with the government, businesses and NGOs in expanding their new-found international influence and working as responsible global stakeholders, particularly in developing areas such as Africa. Rather than simply providing China resources for domestic development, INGOs are now shifting their focus to transferring their international development technologies, know-how and experiences to their Chinese partners to shape the way in which they carry out development aid to less developed countries.

⁶⁶ Qiusha Ma, "It takes two to tangle," in *Non-Governmental Organizations in Contemporary China 2006* (New York: Routledge, 2006), 198.

⁶⁷ Ma, 198.

This shift is changing the INGO - Chinese partner relationship from a donor-recipient one to a strategic one in which both sides regard each other more as equals.⁶⁸

As one example of this change, the UK Volunteer Services Organization, which used to train international volunteers to come to China, has changed its strategy to training Chinese volunteers to go abroad to developing regions such as Africa. Another example is WWF working with the Chinese government and businesses on sustainable guidelines in their investments abroad in order to lessen their carbon footprint as Chinese business interests expand overseas. Finally, the Gates Foundation is reconfiguring its strategy away from “China for China” to “China for the World”. Under this new strategy, the Foundation is seeking to leverage China’s unique R&D capacities to develop better and cheaper drugs, diagnostics, vaccines, and agricultural products, to address the health and development issues that are most pressing in the developing world. As part of this new initiative, the Foundation signed a MOU with the Ministry of Science and Technology (MOST) to co-fund projects of mutual interest.⁶⁹

VI. Conclusion: The Future of INGOs in China

The role of INGOs in China has changed substantially since the early years of “reform and opening” with the rapid growth of local NGOs and China’s rising wealth and international influence. When they first came in, INGOs brought with them money, technologies, and knowledge that China needed and, for the most part, wanted to meet a wide range of development challenges. The growth of China’s own civil society, and its rising wealth and international influence is changing all of that. International development organizations, such as the UNDP and the Global Fund, are beginning to reduce their funding for China, if not pulling out altogether. At the same time, Chinese NGO, corporate and government actors have their own experiences, ideas and models to offer, and want to be treated more as equals in a rapidly globalizing world. In this vein, one staff member of a large international foundation

⁶⁸ Meng Jing, “Changing Role”, China Daily, May 11, 2012, http://usa.chinadaily.com.cn/weekly/2012-05/11/content_15269496.htm.

⁶⁹ Email correspondence sent by a Gates Foundation staff member, May 3, 2012.

sees INGOs helping China generate best practices based on indigenous models within the next few years, and then helping China export those practices overseas⁷⁰.

At the same time, many things have not changed. INGOs still face a uncertain and unclear regulatory environment that has changed little since the 1980s. Only a small percentage of INGOs in China operate legally and most INGOs maintain a low profile because of their ambiguous status, and yet their work is largely tolerated and even welcomed by the Chinese government. In recent years, there have been signs of improvement in the regulatory environment but progress remains slow and unsteady. Yet as we have tried to show in this chapter, despite these challenges, INGOs have managed to make a significant contribution to addressing China's many development challenges, while introducing new ideas, knowledge and best practices from more developed countries that have experienced similar development issues. In this sense, INGOs, like their private sector counterparts, have served as an important platform for transferring resources and knowledge to help China catch up to developed countries and reach higher standards of living. They have done this by collaborating with a diverse group of stakeholders ranging from grassroots NGOs and communities to central government ministries, working both from the top-down in influencing decision makers and policy, and from the bottom-up in promoting participatory governance and civil society approaches to addressing development problems. In the future, as the regulatory environment improves and China influence and status rises in the global community, the strategies of INGOs in China will undoubtedly change but their roles will continue to be defined by their collaborative approach and commitment to participatory approaches and civil society.

⁷⁰ Interview in Beijing, March 13, 2012.

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