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**The Programme on NGOs and Civil Society**

Worldwide, the role of civil society has been increasing at rapid speed. Non-governmental organizations (NGOs) have become significant and influential players and generate much interest. Created in 1986, the Programme on Non-Governmental Organizations and Civil Society aims at contributing towards a better understanding of NGOs and the solutions of complex and conflictive societal problems involving NGOs.

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1. INTRODUCTION

The subject of this paper may sound peculiar at first glance: Non-Governmental Organizations (NGOs) in China? While the economy has been gradually opening since the late 1970s, the government and the Chinese Communist Party still to a great extent control social and political life in China. However, faced with the negative consequences of rapid economic growth in the reform period, such as growing income disparities and environmental degradation, the Chinese government has been willing to tolerate independent social organizations working in areas such as environmental protection and social welfare provision, and has been delegating responsibility for some state functions to groups outside the government and party structures. While the degree of autonomy of these groups varies from case to case, the term NGO has increasingly been used to characterize them by Chinese scholars as well as by observers from foreign countries.

The purpose of this study is to discuss the conditions for the emergence of NGOs in China and their current situation. Section 2 describes how the Western conception of NGOs found its way to China and how the term NGO is used in the Chinese context. In section 3, the social, political and legal environment for NGOs in China is analyzed, focusing on the ambivalent attitude of the government and its tactic of incorporating NGOs into existing state or party structures. Against this background, classifying Chinese NGOs can be helpful to understand their current situation. Therefore, two different classifications of NGOs in China are introduced in section 4, based on degree of autonomy and field of activity. Section 5 gives an overview of the financial situation of Chinese NGOs. Section 6 discusses the public perception of NGOs in China. Finally, the activities of some Chinese NGOs are described in section 7.

2. USE OF THE TERM NGO IN CHINA

Before discussing the social, political and legal environment for the emergence and development of NGOs in China, it is necessary to define the concept of NGOs and to clarify how the term is used in China. A widely accepted definition in Western countries identifies the following common characteristics of NGOs:

1) Organization: they have an institutional presence and structure.
2) Independence: they are institutionally separate from the state, i.e. they are neither part of the government nor led by boards of directors with government officials playing leading roles.
3) Non-engagement in making profits: they do not distribute material gains to their members.
4) Self-governance: they are in control of their own affairs, i.e. their internal management is free from outside control.
5) Voluntary character: membership is not legally required and there is a remarkable degree of voluntary participation in both actual activities and administrative matters.

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1 Salamon/Anheier 1999, p. 3.
As will be shown in this paper, a number of Chinese NGOs have rather close links with the government or the Chinese Communist Party. This raises serious questions about whether these organizations should be considered as NGOs since they are not entirely independent from the state. Some scholars believe that according to Western conceptions, very few Chinese organizations can be regarded as real NGOs. However, when applying Western conceptions of NGOs to countries with different economic, political and social conditions, it must be taken into account that the relevance of each of the five characteristics may vary depending on local conditions.

Western conceptions of NGOs provide useful standards against which to evaluate the situation of NGOs in China. But Chinese NGOs have their own particular characteristics due to China's unique economic, social and political context. The relations between the government and NGOs in China are closer than in Western countries. This is a consequence not only of the political and legal environment for NGOs in China, as will be discussed in section 3, but also of the NGOs' own understanding of their roles. Most Chinese NGO leaders do not see their objective in confronting the government or protecting the society from the state. Rather, they see their mission as fulfilling their citizen responsibility in collaborating with the government.

While some authors argue that this attitude is deeply rooted in China’s political culture, it can also be interpreted as a strategy used by NGOs in order to conduct their activities without interference by state authorities.

This non-antagonistic attitude of Chinese NGOs towards the government is also expressed in the use of the term NGO in China. Many Chinese NGOs are reluctant to use the term “non-governmental” to describe themselves. Although the term “fei zhengfu zuzhi” is the literal Chinese translation for NGO, it has a negative connotation. In Chinese, the word “fei” means “not”, but also “wrong” or even “anti”. The term was first introduced in China in the context of the 1995 Fourth World Women’s Conference in Beijing. To prepare Chinese women’s organizations for the “Non-Governmental Forum” that took place parallel to the conference, almost two million women leaders and activists participated in over 8,000 workshops and seminars nationwide. Since then, NGO has become a formal term in the Chinese political vocabulary. Although it has become more widely used in the last years, it is commonly used to describe foreign NGOs. Many Chinese NGOs prefer the terms “non-profit organization” or “social organization” to indicate their nature.

Concluding, taking independence from the government as a key feature of the non-governmental sector would not be useful for a discussion of NGOs in China at this point in time. This paper will therefore not only discuss Chinese organizations that fulfill all conditions required by Western conceptions of NGOs. It will also include Chinese organizations that satisfy only four of the characteristics mentioned above, i.e. those that are organized, not profit distributing, self-governing and voluntary. It will discuss organizations originally founded by government or party departments, other organizations registered as NGOs with the relevant government departments as well as non-registered organizations. The differing degrees of autonomy of these types NGOs will be one of the crucial aspects to be analyzed. Although the great majority of Chinese

2 Brie/Pietzcker 2004, p. 10.
3 Ma, Qiusha 1997.
4 Ma, Qiusha 2003.
NGOs do not take an antagonistic or conflicting stance towards the government or the Chinese Communist Party, this by no means lessens their importance for the development of China’s society and political system. Before discussing the different types of NGOs in China, it is necessary to look into the social, political and legal environment for their emergence and operation.

3. SOCIAL, POLITICAL AND LEGAL ENVIRONMENT FOR NGOS IN CHINA

3.1. Economic Reform Process and its Consequences

3.1.1. Transition from a Planned to a Market Economy

The economic reform process initiated in the late 1970s created the basis for China’s emerging NGO sector. Since Deng Xiaoping launched his “open door” policy in 1978, dramatic changes have taken place. In the countryside, decentralization of production has led to a rapid development of rural industries, improving the productivity of the agricultural sector and the supply of foodstuff. In urban areas, the rapid growth of all types of non-state-owned enterprises has produced the most vibrant sector of China’s economy. By 1992, the output value of non-state-owned enterprises exceeded the state-owned. These changes have led to a huge increase of GDP growth rates in the reform period, increasing the population’s living standards in both urban and rural areas. In the last 20 years, China has achieved average annual growth rates between six and seven percent. According to the Human Development Report 2003, China's Human Development Index has improved by 30 percent compared to the early 1980s. China's income per capita has increased sevenfold since 1978. More than 400 million people have been lifted out of extreme poverty.

The economic reform process was certainly not aimed at abandoning the socialist system characterized by the exclusive and undisputed rule of the Chinese Communist Party. The objective of the reform process was rather to increase the economic efficiency of the socialist system by introducing elements of a market economy. This was expected to increase political stability and therefore to consolidate the power of the Chinese Communist Party. However, the transition from a planned to a market economy has not only led to an increase in economic growth, but has also created unintended consequences for Chinese society.

3.1.2. Social Consequences

One of the consequences of the economic transition has been growing income disparities between rural and urban areas as well as between the regions along the east coast and the western provinces. While it is true that rapid economic growth in the past decades has improved living conditions for many people in China, the increasing wealth has not been distributed evenly. A middle class with a stronger economic base and higher education has started to emerge along the Chinese east coast and in the regions along the Yangtze River. The shift of government authority in the economic sphere from direct to indirect control and the emergence of a middle class has resulted in the pluralization of interests in Chinese society. This in turn

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has made citizens begin to realize the value of organizing in autonomous groups outside the government structure\textsuperscript{7}.

However, many rural regions in the western parts of China remain extremely poor. Growing disparities have led to massive migration mainly into the cities along China's east coast. It is estimated that between 100 million and 150 million rural people have migrated into these cities in the 1990s, which has put enormous pressure on all kinds of public services, such as education and health care. Due to severe fiscal constraints, the central government's share of health spending has roughly halved in the last 20 years. Hospitals have been forced to charge fees, and many people do not have state-owned work units any more to pay for their health expenditures. In addition to the huge migration of rural population, increasingly severe unemployment is shaking the existing state-run social security system in many Chinese towns. Unemployment is a direct result of the transition from a planned to a market economy since the reform of the state-owned enterprises has forced companies to fire many workers during the 1990s. It is hard to get reliable unemployment statistics for China, but estimates put the number of unemployed in China's cities at 15 million, and ten times that number in the countryside\textsuperscript{8}.

3.1.3. Environmental Pollution

Another serious consequence of the economic reform process has been environmental degradation and pollution. China's large and growing population exerts great pressure on its natural resources, and the rapidly growing economy further exacerbates the problems. It is estimated that the costs of environmental pollution in China are equivalent to some seven percent of China's GDP. Water and waste pollution is the most serious issue. The majority of private as well as state-owned enterprises do not adopt waste management systems, especially in rural areas. In addition, more and more fertilizers and pesticides are being used to increase agricultural production. The State Environmental Protection Administration, China's ministry of environment, found that over 70 percent of the water in five of China's major river systems was unsuitable for human contact\textsuperscript{9}.

Air pollution is a similarly serious consequence of rapid economic growth in the course of the reform process. According to the World Bank, China has 16 of the world's 20 most polluted cities. Estimates suggest that 300,000 people a year die from respiratory diseases. The main reason is that due to its low cost, coal is still the dominant energy source. Around 70 percent of China's energy needs are supplied by coal-fired power stations. China is the world’s second largest source of greenhouse gases. If the Chinese economy keeps growing rapidly, within three decades China could overtake the United States of America as the world’s largest source of greenhouse gases. The International Energy Agency in Paris predicts that the increase in greenhouse gas emissions from 2000 to 2030 in China alone will nearly equal the increase form the entire industrialized world. The use of leaded gas for automobiles is another major source of air pollution. Emissions from rocketing car ownership are becoming a serious issue since rising incomes have recently led to a 15 percent vehicle growth rate.

\textsuperscript{7}Ye, Zhang 1997.
\textsuperscript{8}“China’s Growing Pains – The dark side of China’s stunning boom includes pollution and a collapsing state health-care system”, The Economist, August 21\textsuperscript{st} 2004, pp. 11f.
\textsuperscript{9}Liu, Xiaohua 2002, p. 1.
3.2. Government Policies
The economic reform process and its social and environmental consequences can be regarded as the background conditions for the emergence of an NGO sector in China. However, a discussion of these conditions do not provide a precise picture of the environment for the emergence and development of NGOs in China. It is also very important to take a close look into government policies since they provide the framework for the emergence and development of NGOs under China's socialist political system.

3.2.1. Historical Perspective
After 1978, the opening of the economy brought changes to the production and distribution of economic and social resources that made full state control difficult to maintain. It is estimated that, in the first years of the reform process, some 200,000 NGOs were established. Most of them were genuine grassroots organizations, had only few members and worked informally without registration. The unprecedented flourishing of student associations during this time provided the dynamic behind the democratic movements of the 1980s. Student associations proliferated so rapidly that Chinese officials not only accepted them but failed to comprehend the profound challenges they could pose. Government policies in this first period of the economic reform process were characterized by a “laisser faire” attitude, as evidenced in the absence of both a regulatory framework and an official bureau responsible for registering NGOs. The Chinese authorities did not try to systematically control NGOs or to hamper the development of the NGO sector. Registration and management of NGOs was carried out at all levels of various government departments in a fairly flexible process. Later, the director of the “Division for Social Organizations” at the Ministry of Civil Affairs referred to these years as “a chaotic period when there was no rule to follow and no person in charge”.10

The Chinese government’s “laisser faire” attitude towards NGOs changed dramatically after the incidents at Tiananmen Square in Beijing on June 4th 1989. The government suddenly developed an enormous fear of grassroots NGOs and decided to rethink its NGO policy. That is why in October 1989, the restrictive “Regulations on the Registration and Management of Social Organizations”11 were adopted and applied retroactively to existing organizations. In a major “housecleaning” exercise, most of the grassroots organizations established during the 1980s were shut down and declared illegal.

The policies of the Chinese government towards NGOs during the 1990s to this day can be characterized as inconsistent, if not ambivalent. On the one hand, faced with the social and environmental consequences of the economic reform process, the government has been willing to tolerate NGOs working in areas such as environmental protection and social welfare provision. In fact, the government itself has started to transfer some of its functions to organizations outside the state system under the slogan “small government, big society”. On the other hand, it has been afraid that the increasing influence of social groups might catalyze political instability in Chinese society, and has therefore adopted different measures to control NGOs, including repression and incorporation.

10 Brie/Pietzcker 2004, p. 15.
11 See section 3.3.1.
3.2.2. “Small Government, Big Society” Strategy

Faced with pressing social and environmental problems, the Chinese government increasingly finds its own capabilities insufficient to address them. In the reform period, the state's fiscal revenues as a percentage of GDP have been decreasing rapidly. The government has been streamlining public administration to save money, which has greatly weakened its ability to provide public goods such as social welfare. This is why the government has been transferring some of its functions to a variety of social groups, which has raised its willingness to negotiate ways for NGOs to be active in different areas. Since the early 1990s, the Chinese government has been advocating this strategy under the slogan “small government, big society”\textsuperscript{12}. The core of this strategy has been to expand the non-governmental sector and to mobilize resources from within the society in order to tackle the negative consequences of the transition from a planned to a market economy. At the Ninth People’s Congress in March 1998, the Secretary-General of the State Council, Luo Gan, declared that the “government has taken up the management of many affairs which it should not have managed, is not in a position to manage, or actually cannot manage well”\textsuperscript{13}. He added that it was therefore necessary to expand the activities of “social intermediary organizations”. As will be discussed in section 4.1., since the 1980s, the government has been establishing organizations formally situated outside the state system in order to address social and environmental problems. In addition, it has been supporting some independent NGOs in areas such as environmental protection, education and social welfare provision.

Wang Ming, director of the NGO Research Center at Tsinghua University, believes that the Chinese government has realized the increasingly important role of NGOs in providing social services. In accordance with the “small government, big society” strategy, China’s premier Wen Jiabao vowed on March 5\textsuperscript{th} 2004 to turn over responsibility for more government activities to enterprises, NGOs and intermediary organizations. It was the first time the central government clearly underscored the significance of NGOs in its annual work report to the National People’s Congress, China’s top legislature. Some observers regard this as an indication that the government is taking active steps to loosen its monopolizing role in providing social services while trying to create greater operating room for NGOs\textsuperscript{14}.

3.2.3. Repression and Incorporation

However, the Chinese government is at the same time reluctant to release social forces it may not be able to control. After the democratic movement of the 1980s was violently stopped in 1989, the government is at any time willing and able to repress NGOs it perceives as threats to the political system by declaring them illegal. This measure has been adopted for several religious groups and for NGOs that appear to have some kind of political objective. The crack-down on the Falung Gong Sect is a case in point. A number of labor organizations supporting workers’ rights have also been shut down. Furthermore, certain NGOs providing social services to groups not officially recognized as having needs have been declared illegal. For example, a club for homosexual men was shut down in 1993. The coordinator of the group lost his job at

\textsuperscript{12} Ma, Qusha 2002, p. 306; Liu, Xiaohua 2002, p.3.
\textsuperscript{13} Quoted in Saich, Tony 2000, p. 128.
\textsuperscript{14} “NGOs can become key social “partner””, by Xing Zhigang, China Daily, March 13\textsuperscript{th} 2004, accessed 18/04/2005 at [http://www.chinadaily.com.cn/english/doc/2004-03/13/content_314397.htm].
the Ministry of Health for allegedly “advocating homosexuality and human rights”. The closure of the group reflects the government’s hostility to the issue of homosexuality in China\textsuperscript{15}.

Besides repressing NGOs perceived as dangerous for social stability, the Chinese government has been trying to incorporate less “threatening” NGOs with existing party-state structures. Incorporation is aimed at maintaining strict control of the registration and administration of NGOs. It has been achieved by applying restrictive legal requirements for the establishment and management of NGOs. It is therefore crucial to take a close look into the legal environment for NGOs in China.

\subsection*{3.3. Legal Environment}
Since the establishment of the People’s Republic of China (PRC), the Chinese government has, in 1950, 1989 and 1998, passed three sets of legal documents regarding the classification, registration and regulation of entities outside the state system. The first two laws classified all types of NGOs into a single category called “social organizations”. However, they did not provide a clear definition of this term and refused giving legal status to a vast number of NGOs. It was not until 1998 that the Chinese government issued a comprehensive set of regulations governing the registration and administration of NGOs\textsuperscript{16}.

\subsection*{3.3.1. First Two Laws on NGOs}
The “Interim Procedures on the Registration of Social Organizations”, issued in 1950, was the first legal document on NGOs in PRC history. With this document, the Chinese government nationalized all private schools, hospitals, charitable organizations and other non-governmental service providers and associations, following the Soviet Union model. From the early 1950s until the beginning of the reform process in the late 1970s, the Chinese government was able to effectively suppress the activities of all kinds of NGOs. During this period, the provision of social services (such as housing, health insurance, schools and pensions) was organized through state systems related mainly to work units and residency. Until the commencement of economic reforms in 1978, there was virtually no space for NGOs to survive and develop in China.

As already mentioned, the “Regulations on the Registration and Management of Social Organizations” were adopted in 1989 to adapt to the new situation in China’s emerging NGO sector, triggered by the economic reform process since the late 1970s. Instead of giving a clear definition of the term “social organization”, the 1989 regulations only listed all types of associations and institutions recognized by the government as social organizations. The government categorized them into five general types, based primarily on professional field and organizational functions. The five types were\textsuperscript{17}:

1) Scholarly or scientific organizations (including research institutions)
2) Professional associations
3) Trade or industrial associations (including chambers of commerce)
4) United organizations (such as alumni and friends’ associations)
5) Grant making institutions

\textsuperscript{15} Saich, Tony 2000, p. 134f.
\textsuperscript{16} Ma, Qiusha 2003.
\textsuperscript{17} Ma, Qiusha 1997.
Furthermore, the 1989 regulations set up a new double-tiered registration and management framework for NGOs\textsuperscript{18}. It was designed to make the establishment of grass-roots organizations more difficult and to improve control of NGOs by state and party authorities. The result was that, after 1989, most NGOs that were able to properly register with the responsible government agencies were either founded by influential individuals with some link to the government\textsuperscript{19} or by government departments\textsuperscript{20}.

After the adoption of the 1989 regulations, many new types of social organizations or private institutions emerged that did not fit into the official typology. For example, non-profit social service providers were not included. Since a great proportion of private non-profit organizations were excluded from the official classification, registration and regulation of NGOs, a reform of the 1989 regulations was regarded as indispensable by Chinese authorities.

3.3.2. Current Legal Environment
In 1996, facing the rapid growth of NGOs, Jiang Zemin, then chairman of the Chinese Communist Party, convened a special meeting of the Standing Committee of the Political Bureau to discuss the strengthening of NGO management policies. It was the first such meeting in the history of the Chinese Communist Party to be devoted to NGOs. This meeting resulted in a set of new regulations concerning the registration and administration of NGOs in China. They provide by far the most comprehensive system of regulatory documents on NGOs in PRC history. In 1998, the “Regulations on the Registration and Management of Social Organizations”\textsuperscript{21} were revised, and the “Provisional Regulations on the Registration and Management of Popular Non-Enterprise Work Units”\textsuperscript{22} were adopted. These two laws govern the registration and administration of NGOs in China up to date. It is thus crucial to take a closer look at these documents in order to understand the current legal environment for NGOs in China.

The 1998 documents established a new official classification for Chinese NGOs. Although the 1989 regulations divided NGOs into five general types, they were all classified into the single category called “social organizations”. The 1998 documents created a new legal status for the rapidly growing private service providers by dividing all entities that are managed outside the state system and that operate as non-profit organizations into two groups: “social organizations” and “popular non-enterprise work units”. The latter category was created to provide official registration and control of NGOs previously excluded by the 1989 regulations.

The 1998 documents provide clear descriptions of the meanings of these terms. In Article 2 of the 1998 “Regulations on the Registration and Management of Social Organizations”, social organizations are defined as “voluntary groups formed by Chinese citizens in order to realize a shared objective according to their rules and to develop non-profit making activities”. They include academic, professional or trade associations, foundations, chambers of commerce and charitable organizations. In Article 2 of the

\textsuperscript{18} This framework was amended in 1998 to become clearer and stricter and will be discussed in detail in section 3.3.2.
\textsuperscript{19} These registered NGOs are analyzed in section 4.1.2.
\textsuperscript{20} “Government Organized NGOs”, discussed in section 4.1.1.
\textsuperscript{21} See Appendix A.
\textsuperscript{22} See Appendix B.
“Provisional Regulations on the Registration and Management of Popular Non-Enterprise Work Units”, popular non-enterprise work units are defined as “organizations carrying out social service activities of a non-profit nature, run by enterprise and institutional work units, social groups and other social forces, and also individual citizens using non-state assets”. They include research institutions, schools, hospitals, community based nursing homes and health centers.

A very important aspect of the 1998 regulations is the requirement for all NGOs to register with the Ministry of Civil Affairs or one of its regional or local branches (Local Civil Affairs Departments), the so-called “registration and management agencies”. The registration process involves five conditions that limit the nature and range of NGOs’ activities. First, all organizations must be sponsored by a government or party department in a relevant field. The sponsoring department is officially called the “professional leading unit”. This condition seriously hampers innovation and creativity in the NGO sector. If a potential sponsor rejects an NGO’s application, it remains unclear whether the NGO is free to look for another sponsoring department. In practice, rejection by a government or party department makes it very difficult to get approval from another. There is no right of appeal if an application is rejected by a sponsoring institution.

Second, Article 13 of the “Regulations on the Registration and Management of Social Organizations” states: “If in the same administrative area there is already a social organization active in the same or similar area of work, there is no need for a new organization to be established”. Therefore, only one NGO of one type is allowed to register at each administrative level, which constrains the diversity of the NGO sector. For example, there cannot be two registered charity organizations on the national level. The NGO Research Center at Tsinghua University commented that “this stipulation has strong traits of a planned and monopolist system. On the one hand it uses artificial measures to protect the existent top-down NGOs (those set up by the state), on the other hand, it limits the establishment of NGOs from the bottom up. In fact, it is not beneficial for the capacity-building and long-term development of NGOs in China.”

Wang Yongchen, the legal representative of the Beijing-based environmental organization “Greenhome”, says: “From the time we were established in 1996 to the present, Greenhome has not been able to register. And it’s not just us – many environmental groups are operating illegally because an official organization, China Environmental Workers’ Association, is registered first, and no other organizations involved in environmental activities are allowed to register now.”

Third, NGOs are not allowed to operate outside the region in which they are registered. Since the competences of the Ministry of Civil Affairs departments are restricted to their respective regions, this condition is designed to prevent NGOs from spreading outside the departments’ sphere of influence.

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23 Ma, Qiusha 2003.
24 Liang, Sharon 2003, p. 11.
25 Articles of the “Regulations on the Registration and Management of Social Organizations” are used in the remaining part of this section to illustrate the legal environment for NGOs in China. Similar articles can be found in the “Provisional Regulations on the Registration and Management of Popular Non-Enterprise Work Units”.
26 Quoted in Ho, Peter 2001, p. 903.
27 Quoted in Liang, Sharon 2003, p. 12.
Another possible explanation for the second and third conditions is the government’s intention to limit competition between NGOs\(^{29}\).

Fourth, NGOs must, when applying to register, also have start-up funds of more than 100,000 Yuan (approx. US$ 12,000) in the case of national organizations, while NGOs on the regional or local level must possess funds of more than 30,000 Yuan (approx. US$ 3,600). However, they are not allowed to raise funds until their application is accepted. Chen Guangcheng, a blind man from Shandong Province who has been trying to establish a center for handicapped persons, observes: “You have to have a lot of money in order to register, but if you don’t solve the registration problem, no one will be willing to donate to you”\(^{30}\). In practice, therefore, it is only possible for citizens to register NGOs if they are endowed with significant personal resources.

Fifth, according to Article 10, “a social organization must have more than 50 individual members or more than 30 institutional members or, if it has both individual and institutional members, a total of at least fifty”. This condition makes it very difficult for small, grass-roots NGOs to register.

The 1998 documents on NGOs also include regulations concerning a “dual administration system”. According to Article 27, NGOs have to undergo an annual investigation by their “registration and management agencies”. These agencies are “responsible for supervision and review in cases where social organizations fail to comply with these regulations, and for applying disciplinary sanctions to organizations which fail to comply with these regulations”. This gives the Ministry of Civil Affairs and its regional and local branches significant legal and political power over NGOs. The 1998 regulations allow them to issue warnings, demand organizational changes and even cancel an NGO’s registration if it diverts from its original objectives. This authority can be used by the “registration and management agencies” to exert pressure on NGOs that engage in activities that provoke the government.

In addition, according to Article 28, registered NGOs must submit an annual report to their “professional leading units” regarding their activities. Hence, NGOs often call the sponsoring departments their “mothers-in-law”. According to Article 31, the annual report must include “the organization’s situation in respect of complying with laws, regulations and national policy; its situation in respect of these regulations’ registration requirements; activities carried out in accordance with its charter; any changes in membership, administration, and financial situation”. In general, the sponsoring department acts as the government’s watchdog in maintaining strict control of the NGO. It is responsible for approving the NGO’s application for registration, as well as for its political and party-related activities, its financial activities, its personnel management, its foreign relations and the acceptance of funding.

The restrictive 1998 regulations concerning the registration and management of NGOs represent an attempt by the Chinese government to incorporate them more closely within existing party-state structures, especially those NGOs that were not covered by the 1989 regulations. They reflect the government’s fear

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29 Comment by Mieko Okamuro, Program Officer at The Sasakawa Peace Foundation, Tokyo.
30 Quoted in Liang, Sharon 2003, p. 12.
that the increasing influence of social groups might catalyze instability in Chinese society, for example by becoming covers for groups engaging in political activities. The government’s main concern is to prevent the emergence of autonomous NGOs that could challenge the authority of the Chinese Communist Party.

Amendments to the 1998 regulations have been discussed for years. Guangyao Chen, deputy director of the NGO Administrative Bureau at the Ministry of Civil Affairs, admitted in 2001 that the legal system for NGOs was unsound:

“Regulations for running non-profit organizations are not yet perfected. A disconnect exists between policies and regulations and the objective, practical requirements. The legal system is lagging behind and that definitely affects the smooth development of China’s NGOs.”

Qiao Shenqian, deputy head of the NGO Registration Service Center at the Ministry of Civil Affairs, said at a seminar on International Cooperation and Public Participation held in Beijing in 2004: “It is imperative to drop the obligation NGOs now have to be sponsored by a government department”. Jia Xijin, a public administration expert at Tsinghua University, urged the government to lend more support to NGOs by introducing more preferential policies, such as tax reduction or exemption, in order to encourage more donations and grants to NGOs. Although Mr. Qiao spoke of an “urgent” need to get rid of sponsoring departments, he did not present any timetable for the implementation of new regulations. In fact, amendments to the 1998 regulations have been postponed several times. Some experts believe the emergence of the Falun Gong movement and the government’s fight against it significantly slowed down the process of drafting and approving new NGO registration rules. Others are of the opinion that amendments have not been put off due to political reasons, but to a lack of expertise and human resources in the Ministry of Civil Affairs.

4. TYPES OF NGOS IN CHINA

Having analyzed the social, political and legal environment for the emergence and development of NGOs in China, the following sections give an overview of their current situation by discussing different types of NGOs. They are distinguished with respect to their legal status and degree of autonomy as well as with respect to their field of activity.

4.1. Classification with Respect to Legal Status and Degree of Autonomy

In this section, different types of Chinese NGOs will be distinguished based on two criteria: degree of autonomy and legal status. While it is fairly easy to determine whether an NGO is registered or not, it is very difficult to judge the degree of autonomy of Chinese NGOs. Organizations originally established by government or party departments discussed in section 4.1.1. as well as the NGOs analyzed in section 4.1.2. are registered with the Ministry of Civil Affairs or one of its regional or local branches. They can easily be distinguished from the non-registered NGOs discussed in section 4.1.3. Although the degree of autonomy of Chinese NGOs is hard to define, it is feasible to argue that it increases as the relationship with the government gets weaker. Government organized NGOs are the least independent organizations, while

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33 Comment by Dorit Lehrack, International Senior Advisor at the China Association for NGO Cooperation (CANGO) in Beijing.
non-registered NGOs have the most autonomous character among the different types of Chinese NGOs. The situation of international NGOs in China is discussed in section 4.1.4.

4.1.1. Government Organized NGOs

Since the early 1980s, government and party departments have established non-profit organizations that have been labeled “government organized NGOs” (GONGOs) by some scholars. There were three main reasons for the establishment of GONGOs. First, the participation of non-profit organizations in the implementation of development projects has made it easier for the Chinese government to obtain funding and technical assistance from multilateral, bilateral or international sources. Second, GONGOs have been founded to complement the government’s efforts to ease the social consequences of the economic reform process by acting as providers of welfare services. Finally, they have absorbed former government employees who lost their jobs during administrative reforms in the 1990s.

Like some NGOs, GONGOs are registered as social organizations with the Ministry of Civil Affairs and are sponsored by a government agency. They work as research centers, foundations and charities primarily on consulting projects for government departments. Due to stable relationships with government departments and the communist party, GONGOs often enjoy highly qualified human resources, good management and organizational structure, and more access to funding resources. The leadership of many GONGOs is composed of retired or specially deployed government officials or members of the Chinese Communist Party. Taking trade associations as an example, the second executive director of the “China Industrial Economics Association” was previously chairman of the “State Economic Council”, and the chairman of the “Shanghai Consumers’ Association” is the former vice-mayor of Shanghai. GONGOs operate in a way very similar to a government department. They have a very bureaucratic structure, and their leaders enjoy many of the privileges of party cadres. The trade-off for receiving financial subsidies and substantial administrative support from the government is a clear lack of autonomy. For many GONGOs, it will take a long process before they gradually lose their close ties to the government and become genuine NGOs.

However, the GONGO sector is very diverse and rapidly changing, especially in terms of legal status, policy influences, government relations and access to international resources. It is therefore difficult to define the degree of autonomy of the GONGO sector as a whole. Some GONGOs still have very close relations with government and party departments, others are already highly independent. It is often very difficult to determine whether a registered organization is a GONGO or not since a number of GONGOs is in the process of transition to independent NGOs. One important change for GONGOs in recent years has been the decrease of the flow of funds from the government due to administrative reforms in the 1990s. Since the main funding source of GONGOs previously came from the government, this has pushed them to become more financially autonomous. Over the past years, GONGOs have also become more politically independent and more open-minded. They are gradually obtaining a more independent identity, and developing a sense of themselves as belonging to a distinctive, non-government community. There are two important reasons for this trend. First, the decrease in government funding has forced GONGOs to rely

34 Wu, Fengshi 2002, pp. 50-52.
35 Liang, Sharon 2003, p. 12.
more on international sources. Therefore, there is increased international access to the activities of these organizations, which is contributing directly to their autonomy. Second, many young leaders of these more autonomous GONGOs have not been recruited from government agencies. They have often been exposed to NGO activism and advocacy.

Some of these highly autonomous GONGOs are very supportive of registered and even non-registered NGOs. For example, the “Center for Environmental Education and Communication” in Beijing maintains close relationships with major Chinese environmental education NGOs (e.g. “Global Village of Beijing”). Some GONGOs, such as the “Beijing Energy Efficiency Center”, regularly train members of NGOs. Furthermore, the moral support of GONGOs, e.g. by inviting NGO representatives to national ceremonies, has been crucial in legitimizing the work of NGOs, which has facilitated mutual trust building between the public and NGOs. Such cooperative relationships and coordinated projects between GONGOs and NGOs could become an important element of the Chinese NGO sector in the future. GONGOs could provide a bridge between government agencies and local NGOs, as well as between Chinese NGOs and international donors. However, the decrease of government funds for GONGOs represents a problem for the potential cooperation between GONGOs and NGOs. According to Dorit Lehrack, International Senior Advisor at the China Association for NGO Cooperation (CANGO) in Beijing, many GONGOs are currently struggling for their financial survival and are thus not able to support independent NGOs. Instead of cooperation, there could even be increased competition for funds between NGOs and GONGOs in the future.

4.1.2. Registered NGOs

Despite restrictive legal conditions for NGOs, at the end of 2001 China had about 129,000 organizations registered as “social organizations” and about 82,000 registered as “popular non-enterprise work units”, according to statistics of the Ministry of Civil Affairs. These figures include NGOs originally established by the government. Since the GONGO sector is very diverse and many GONGOs are in the process of transition to autonomous NGOs, it is very difficult to specify how many registered NGOs are in fact GONGOs and how many can be regarded as independent NGOs. Even individually founded NGOs that manage to register with the Ministry of Civil Affairs either have strong governmental backing or some link to the government or the party. As already mentioned, this is the reason why several experts argue that there are no “real” Chinese NGOs. Registered NGOs are often established by influential individuals and funded from various sources, such as personal savings of the leaders, some donations from members, and grants from international foundations and NGOs. For example, one of China’s first environmental NGOs, “Friends of Nature”, was founded by Liang Congjie, a member of the People’s Consultative Congress. The fact that the success of many registered NGOs has depended heavily on their charismatic and influential leaders can become a serious problem in the future. They will face the challenge of continuing their work after these individuals retire or leave their organizations.

39 Interview with Antoine Kernen, Scholar at the Graduate Institute of Development Studies, University of Geneva, on October 7th 2004.
40 For a description of the activities of “Friends of Nature”, see section 7.
Registering an NGO with the Ministry of Civil Affairs or one of its regional or local branches is very difficult even for influential individuals. In particular, it is hard to find a government or party department that is willing to sponsor a new NGO. According to the 1998 regulations, the “registration and management agency” can theoretically be held responsible for misconduct on the part of an NGO under its authority, which makes officials very cautious about approving registrations. The main reason why NGO leaders give up trying to register their organizations is difficulty in finding a sponsoring government or party department. Chen Gunagcheng, for example, has attempted to register a center promoting the rights of handicapped people in Yinan County (Shandong Province) for two years. He remarks bitterly: “The Ministry of Civil Affairs and the Association of Handicapped People have both visited the center, but neither is willing to be the sponsoring department. To my face they say it’s a good project and worth encouraging, but when I ask them to issue us a certificate, they say they need to do further research.”

When enlisting the environmental NGO “Friends of Nature”, Liang Congjie waited for a year without receiving any response from the National Environmental Protection Administration (NEPA, which became the State Environmental Protection Administration in 1998), although he was well connected in the government thanks to his family history. Since NEPA was unwilling to sponsor “Friends of Nature”, Liang Congjie convinced the Academy for Chinese Culture, an association of university professors, to create the Academy for Green Culture. This sub-academy was registered with the Ministry of Civil Affairs as an NGO in March 1994 and has been known as the “Friends of Nature”.

4.1.3. Non-Registered NGOs

Faced with a very difficult process to register a new NGO, many NGO leaders choose other ways of establishing their organizations. Until the adoption of the new NGO regulations in 1998, one of the most popular strategies of evasion for NGOs was to found a company and register with the Bureau of Industry and Commerce as business enterprises. This was easier than registering as a social organization and it required a minimal management structure with a high degree of autonomy. The environmental NGO “Global Village of Beijing”, for example, was registered in 1996 as a business enterprise. The vice-president of the “Global Village of Beijing Environmental Cultural Center”, Song Qinghua, remembers: “At the time we were not able to find a sponsoring department, so we could only register as a commercial enterprise, which causes us a lot of difficulties when it comes to receiving donations or obtaining tax relief.” However, the creation of the new legal status for “popular non-enterprise work units” in 1998 closed off the possibility of registering as business enterprises.

Other NGOs have been able to establish themselves as secondary or subsidiary organizations associated with universities, commercial enterprises or other institutions. They have taken advantage of an important exception to the requirement of registration concerning groups that can be considered as “internal” organizations belonging to an existing institution. In this case, the NGO only needs to get the approval from the host agency that has accepted to bring it under its supervision. The NGO merely has to deposit a
file at the “registration an management agency” of its host institution, it is not required to submit any reports to the “professional supervisory unit”. Universities are the most popular host institutions due to their usually more liberal leadership. Organizations range from the university's own research centers to centers that provide services to the public at large. For example, the “NGO Research Center” is a subordinate body of the School of Public Policy & Management in Tsinghua University. In addition, there are a number of university student associations working in the area of environmental protection and education, such as China Green Student Forum, Green Stone City, Tsinghua University Green Society, Environmental Volunteers Association at Sichuan University and Green Team at Lanzhou University. Other NGOs have close connections with university professors who provide them with expertise in different areas, such as law and social sciences.

There is also a huge number of NGOs that simply do not register at all but organize informal groups, called “clubs” or “salons” in urban areas. In rural areas, there has been a revival of traditional philanthropic practices that take place around clans, kinship and local associations. Paradoxically, the new restrictive procedures for the registration of NGOs since 1998 have probably led to an increase in the number of these informal organizations that do not bother to register. Although many NGO leaders complain about the current registration rules, they do not effectively prevent people from establishing voluntary organizations since citizens have been able to circumvent government regulations.

However, since they are in principle illegal, the situation of non-registered NGOs can be characterized as one of legal uncertainty. They are not enlisted with the Ministry of Civil Affairs and there is no legally guaranteed right for them to exist, so they operate in a legal grey area. “There is no boundary, no clear line that says how much freedom we have”, says Yu Xiaogang, director of “Green Watershed”, an environmental NGO based in the southern city of Lijiang. Since there is no legal foundation, the government enjoys a high degree of discretion when dealing with non-registered NGOs. This makes their members constantly worry about their survival. In the long run, this situation of legal uncertainty can hamper the effective functioning and development of independent NGOs in China for several reasons. First, non-registered NGOs cannot act as independent legal entities, which means that they cannot enter into contractual relations. Second, it is very difficult for non-registered NGOs to attract qualified staff because they are not able to provide for basic social services for their employees, such as pension, medical insurance, and household registration. For this reason, many non-registered NGOs are dependent on the work of volunteers. Third, without registration an NGO is not allowed to open its own bank account, which makes it difficult to attract funding.

Is it fair to say that non-registered NGOs, because of their lack of ties with the government, are able to enjoy a greater degree of autonomy compared to GONGOs and other registered NGOs? While legal uncertainty surely creates a hostile environment for non-registered NGOs, some of their representatives admit that Chinese authorities often do not restrict them from carrying out their activities. The level of government interference depends mainly on the issues NGOs are focusing on. There are few NGOs operating in

49 For a description of the activities of “Green Watershed”, see section 7.
50 Ho, Peter 2001, p. 905.
politically sensitive areas such as human rights, labor or religion. These NGOs constantly risk governmental
crack-downs since they operate near certain political limits beyond which the Chinese government will not
tolerate them any more. In many cases, the government actively suppresses such groups operating in
politically sensitive areas. Their working environment is thus highly unstable and can change very quickly\textsuperscript{51}. NGOs focusing on subjects of lesser political sensitivity (e.g. environmental education and protection,
health activities, services for the disabled and elderly, general education) can usually carry out their
activities with relatively few restrictions, or are even supported by the government. Although experts agree
that the number of non-registered NGOs in these areas has rapidly increased over the past years, it is very
difficult to get reliable statistics. Experts believe that only a tiny minority of these NGOs has been able to
legally register as social organizations. The “NGO Research Center” at Tsinghua University estimates that
nationwide there are 1.6 million non-registered NGOs in China, while “China Non-Profit Organizations
Network” puts the number at 2 million\textsuperscript{52}.

4.1.4. International NGOs

Similarly to Chinese NGOs, the work of international NGOs in China is also subject to several limitations.
Although the government has announced the adoption of legal regulations for a long time, there are still no
laws covering activities of international NGOs in China today. Chinese authorities are very insecure about
how to deal with international NGOs. The government’s attitude towards them can be described with the
slogan “no recognition, yet no prohibition”. Activities of international NGOs are partly subject to the
regulations for the registration and administration of Chinese NGOs. For example, international NGOs also
have to be sponsored by a government or party department in a relevant field. This is a serious obstacle for
many international NGOs trying to operate in China. According to Lo Sze-ping, Greenpeace’s campaign
director in China, his group has been trying to find a government sponsor for two years so it could be legally
registered. “We turned to the local environmental protection authority”, he said, “but they turned us down
by saying they were unable to take charge of an international organization”. Instead, many foreign NGOs try
to cooperate with their Chinese counterparts without any legal existence. According to Chan Puisi, country
program manager in China for the “Salvation Army”, “having to work without a legal identity creates
problems. It becomes difficult to get an office or to set up a public account for donations”.

Some international NGOs have been able to negotiate special conditions for their activities in so-called
“memoranda of understanding”. These documents are usually negotiated between international NGOs and
local authorities, and they specify the area in which international NGOs are allowed to operate. Many
international NGOs have decided to register as foreign enterprises and to merely open a representative
office in China. This procedure has several advantages for international NGOs. First, it saves time and
money. Second, the registration requirements for foreign enterprises are much more transparent than for
international NGOs. Finally, it is easier for foreign enterprises to hire Chinese employees\textsuperscript{53}.

\textsuperscript{51} Interview with Antoine Kernen, Scholar at the Graduate Institute of Development Studies, University of Geneva, on
October 7\textsuperscript{th} 2004.
\textsuperscript{52} United States Embassy Beijing 2003.
\textsuperscript{53} Brie/Pietzcker 2004, p. 22.
It is very difficult to know the number of international NGOs involved in activities in China. Official statistics are not offered. Besides, since international NGOs have to work with Chinese authorities in order to get sponsoring, many international NGOs do not like to talk about their activities in China. They are afraid their members or the media in Western countries could accuse them of collaborating with a communist regime. Many international NGOs choose not to get directly involved in activities in China, but rather to support Chinese NGOs both financially and by consulting them. According to the NGO Research Center at Tsinghua University, there are more than 200 international organizations that have donated funds to projects in China.

In the following paragraphs, the activities of some international NGOs and foundations in China are described. While the Asia Foundation and the Ford Foundation are examples of international organizations involved in grant-making to support Chinese NGOs, the World Wide Fund for Nature carries out projects in China directly.

**The Asia Foundation**

The Asia Foundation is one of the international NGOs that do not carry out own activities in China, but rather support Chinese NGOs by project funding and capacity building. The Asia Foundation works to encourage and assist the Chinese non-profit sector to contribute more effectively to national development and expand the capacity of community-based organizations. Asia Foundation programs for China aim to support the development of societal concepts such as “volunteerism” and “good citizenship” and to encourage NGOs in China to play a linking role between government, corporations and citizens. Asia Foundation’s programs in China include consulting the China Charity Federation (CCF), an NGO that provides disaster relief and social services. The Asia Foundation is helping CCF to improve its fund-raising abilities by organizing training courses and trips to the United States. The Asia Foundation is also supporting training programs for the staff of the Luoshan Residents Center, a multi-functional organization that provides community social services, education and cultural activities. Activities include monthly seminars open to staff and volunteers on different topics (such as community service, elder care, nursing, basic legal knowledge), international study tours, and job retraining of laid-off workers. The Asia Foundation is also supporting the NGO Center at Tsinghua University. Established in October 1998, the Center aims to be both a source for research and analysis on the non-profit sector in China as well as a provider of services and organizational support to NGOs. With Asia Foundation support, the Center is conducting a research project on the changing roles of trade unions and newly emerging employees and professional associations54.

**Ford Foundation**

The Ford Foundation is one of the most active international NGOs in the area of grant-making in China.55

The Foundation’s grant-making is directed by its field office located in Beijing, consisting of an international staff of six. From opening the office in January 1988 until September 2001, the Foundation made grants


55 A list of grants made by the Ford Foundation to organizations in China (including a large number of NGOs) can be found at [http://www.fordfound.org/grants_db/view_grant_by_keyword.cfm?keyword=China&submit.x=0&submit.y=0&submitn=Go], accessed 03/05/2005.
totaling about US$ 128 million. Ford Foundation’s grants in China address following main areas: economics and development finance; educational reform and cultural diversity; environment and development; governance and public policy; international cooperation; law and rights; sexuality and reproductive health; and civil society. The work of the civil society program focuses on supporting the growth of a healthy and lively NGO sector in China. The Foundation’s grant-making aims at helping China’s experts develop a sound regulatory framework for Chinese NGOs, i.e. one that provides a solid basis for their work. Furthermore, the Foundation’s objectives include improving the role of China’s non-profit and non-governmental sector through appropriate training, capacity building and institutional training. Finally, the Ford Foundation wants to improve public understanding of NGOs in China by supporting activities that demonstrate the positive contribution of civil society organizations56.

**World Wide Fund for Nature**

In contrast to the Asia Foundation and the Ford Foundation, the World Wide Fund for Nature (WWF) is directly involved in the implementation of projects in China. As will be discussed in section 4.2.3., the Chinese government has a generally positive attitude towards environmental NGOs and sometimes even supports them. WWF was the first international conservation organization invited by the Chinese government to carry out activities in China in 1980. For the first fifteen years, WWF staff based outside the country came to China for project implementation and monitoring. The organization started working on projects to protect the giant panda. To this day, it provides funding for research on giant panda, organizes training workshops for Chinese conservationists and lobbies for the creation of giant panda reserves. It has also been involved in campaigns promoting the protection of other endangered species.

In 1996, WWF opened its own office in Beijing. It has a staff of 30 working on over 40 projects in four main areas: Giant Panda Conservation, Energy Efficiency, Forests, and Environmental Education. In addition to the Beijing office, WWF also has six field offices. The organization is sponsored by the State Forestry Administration. Like other international NGOs carrying out activities in China, WWF faces a particular set of constraints and opportunities due to the specific political environment. On the one hand, despite severe environmental problems, economic growth remains the top priority of Chinese authorities. The NGO sector remains rather weak compared to other countries, which means there are few registered Chinese NGO counterparts for WWF to work with, and an uncertain status for WWF itself as an international NGO.

On the other hand, the severity of China's environmental problems means that they cannot be denied, so the search for solutions has become part of public discourse in the last years57. Although WWF’s usual partners – local NGOs – face many problems in China, working directly with the government offers WWF the possibility for rapid and widespread replication of new approaches in fields where cooperation is successful. The government's commitment to economic reform has spilled over into other areas of society,

57 See section 4.2.3.
so Chinese society is remarkably dynamic. This means that there is a wide range of local experimentation, and openness to change at some levels of government.58

Other examples of activities of foreign NGOs in China
A three-year program implemented by Winrock International, a non-profit organization based in the United States, is an example for a program made possible by a grant from the Ford Foundation. Through its “China NGO Capacity-Building Program”, Winrock aims at strengthening the capacities in organizational structure and strategic planning, governance and leadership as well as financial and human management of a small group of relatively independent Chinese NGOs. The activities include practical workshops, short-term training and coaching on site59. Pacific Environment, an NGO devoted to protecting the environment of the Pacific Rim from China to Alaska, has also provided funds for Chinese NGOs. Pacific Environment aims at strengthening democracy, supporting grassroots activism and empowering communities along the Pacific Rim. Each year, it works with the Global Greengrants Fund to provide small grants to over 50 NGOs around China. In addition, it offers Chinese NGOs capacity-building support. They also bring Chinese NGO leaders together to learn from each other's experiences and to develop cooperative campaigns.

4.2. Classification with Respect to Field of Activity
The figures presented in the preceding sections suggest that the vast majority of Chinese NGOs are not registered with the Ministry of Civil Affairs. It is thus impossible to get precise statistics on the issue areas Chinese NGOs focus on. According to a survey of 104 Beijing-based NGOs by the NGO Research Center at Tsinghua University, 32 percent were active as trade and commercial associations, 11 percent provided social services or poverty alleviation, 7 percent were research institutions, 6 percent were environmental NGOs, 4 percent engaged in international exchange, 27 percent belonged to other categories, and 13 percent did not respond to the survey. Although this survey cannot be regarded as representative for all Chinese NGOs, it gives a picture of the different issue areas they focus on. The following paragraphs give a brief introduction to the activities of Chinese NGOs in different issue areas.

4.2.1. Research-Oriented Scholarly Associations
In the late 1970s, after almost 30 years of strict control of all non-governmental activities, research-oriented scholarly associations were the first to recover and reorganize. The Cultural Revolution from 1966 to 1976 had caused a deterioration of education and scientific research. Many intellectuals took advantage of the easing of political control in the late 1970s and established new scholarly associations or re-opened old ones. The government believed these organizations would help restore its authority lost during the Cultural Revolution, so it allowed the establishment of these associations.

As already mentioned, before the 1989 crack-down on the students’ democratic movement, student clubs, “cultural salons” and publishing groups were popular in universities. These groups provided places for students to express their political opinions and represented the basis for the democratic movement in the spring of 1989. In a broad sense, the emergence of research-oriented scholarly associations in the late

1970s and 1980s inspired other types of NGOs to react to the profound changes in Chinese society and to take advantage of the opportunities created by the economic reform process. By establishing associations not directly controlled by the Chinese government or the Communist Party, intellectuals created a “political space” for other parts of society to begin forming their own organizations.

Today, many scientific and educational associations receive governmental assistance, including free offices, conference funds and daily expense allowances. Many groups depend entirely on government funds and must therefore be characterized as GONGOs. However, more and more of them have become increasingly autonomous in both decision-making and finances.60

4.2.2. Trade Associations
In the early 1990s, the increasing number of NGOs involved in economic activities, such as trade associations, surpassed the number of research-oriented scholarly organizations and became the fastest growing group of NGOs in China. Until the beginning of the economic reform process, government agencies under each industrial ministry were in charge of the coordination and management of the respective industrial sectors. Since the early 1980s, the rapid growth of non-state-owned enterprises and the movement towards a market economy has forced the government to adapt to a new managerial system. The government started increasing non-governmental management by systematically transforming state agencies into trade associations. As a consequence, a large number of trade associations emerged especially in big cities such as Shanghai, Beijing and Guangzhou. Since the early 1990s, the Chinese government has also permitted the creation of chambers of commerce and trade associations by private enterprises in order to protect and represent their interests. However, most trade associations in China remain GONGOs since they still depend to a great extent on government departments.

Trade associations are organized along specific industrial sectors and are membership organizations. State-owned and private enterprises make up the majority of the members. Trade associations have played three major functions in China since the beginning of the economic reform process:

1) Provision of managerial and technical services to member companies, including market and technology information, organization of workshops, conferences and fairs.
2) Conduct of independent economic research or consulting projects for the government, state enterprises and private companies.
3) Representation of the interests of member companies, thus serving as “bridges” or “linking channels” between member companies and the government.

The emergence of trade associations demonstrates a consistent and systematic effort by the Chinese government to originate cooperative mechanisms in the economic reform process. By transforming existing government agencies into organizations that are theoretically located outside the state system, the Chinese government has created a managerial intermediary designed to function in a market economy. Yet it must

60 Ma, Qiusha 1997.
be kept in mind that most trade associations are not yet autonomous neither financially nor politically. An example for a trade association is the “China Grouping Companies Promotion Association”.

4.2.3. Environmental Groups
Since the early 1990s, environmental activism has been flourishing in China. Individuals have been founding many independent environmental NGOs in recent years, making environmental education and protection a special case in Chinese NGO development. There are mainly two reasons for the growth of environmental NGOs. First, in the last years there has been a growing awareness of China’s grave environmental problems and a growing range and intensity of public debates on environmental issues. The rapid growth of environmental NGOs can be regarded as the result of citizens’ responsibility towards the environment and an urge to act in areas where the government is falling short. Second, the Chinese government has become increasingly aware of environmental degradation and has put the protection of the environment high on the political agenda. Following the 1992 United Nations Conference on Environment and Development in Rio de Janeiro, the Chinese government adopted the “China Agenda 21” in 1994 and integrated it into the Ninth Five Year Plan of National and Social Development. The “Agenda 21” has been interpreted by some scholars as marking a gradual shift in the government’s commitment from a development model focusing on economic growth to a model based on the notion of sustainable development.

A comprehensive body of environmental laws and policies has been promulgated since the adoption of the “Agenda 21”. Nevertheless, the Chinese government is aware of its own limitations facing the seriousness and magnitude of environmental problems in China. It has realized that it needs the help from society in order to cope with these problems. This is the reason why China’s environmental authorities have a generally positive attitude towards environmental NGOs. The government acknowledges that NGOs can play a significant role in public education, and sees NGOs as capable of motivating large groups of volunteers to act for a common cause in non-controversial issues such as recycling, tree planting or anti-litter campaigns. Environmental officials say they welcome the help of NGOs in exposing corruption and malfeasance related to environmental enforcement. “It is possible now to express critical views on the environment than, say, 10 or 15 years ago”, says Yu Xiaogang, the director of “Green Watershed”. “These views are welcome by government officials working to protect China’s environment”. Other examples of environmental NGOs in China are the groups “Friends of Nature” and “Global Village of Beijing”.

Another important reason why government authorities have a generally positive attitude towards environmental NGOs is that they usually do not engage in confrontational activities against the state. Like all NGOs in China, environmental groups keep a safe distance from direct political action. When a reporter asked Xiaoyi Liao, founder of “Global Village of Beijing”: “Will you adopt radical methods like some overseas NGOs to criticize and urge the government to resolve environmental problems and other related issues?”, she answered:

61 Ma, Qiusha 2002, pp. 311-316.
62 For a description of the activities of the “China Grouping Companies Promotion Association”, see section 7.
63 Yang, Guobin 2004.
64 Ho, Peter 2001, p. 900.
“We still adhere to our principles: guide the public instead of blaming them and help the government instead of complaining about it. (…) I don’t appreciate extremist methods. I’m engaged in environmental protection and don’t want to use it for political aims”.

4.2.4. Social Service Organizations
Besides environmental protection, social welfare provision is one of the issues many independent NGOs in China have been focusing on in recent years. The emergence of social service organizations is a consequence of the rapid and profound social changes in China since the beginning of the economic reform process. The Chinese government lacks the means to adequately react to these new social problems, so it has turned to the NGO sector for help. Voluntary organizations, private non-profit institutions and all kinds of social welfare organizations are a direct response to the new social challenges in China. Examples for social service organizations are the “China Youth Development Foundation”, the “China Charity Federation” and the “China Foundation for Poverty Alleviation”.

To address social problems, the Chinese government has encouraged the establishment of philanthropic organizations. Since the late 1980s, it has organized or helped to establish about 70 national foundations by providing start-up funds, hoping that they would attract money from Chinese society and from international NGOs. However, most NGOs established in recent years in the field of social welfare provision are small bottom-up initiatives launched by affected people and communities. For example, underground workers’ groups emerged with names such as the “Antihunger League” and the “Anti-Unemployed Group”. There are also a number of groups established to help workers who were fired from state enterprises. NGOs support them in finding a new job by offering retraining courses and legal consulting. Funding often comes from private Chinese foundations and from international sources. Some NGO leaders travel abroad frequently and try to establish contacts with Chinese dissidents and foreign governments and NGOs. NGOs working in the field of social welfare provision have also been building informal and loose networks within China in order to exchange information. Although these NGOs maintain only loose connections with the government and are thus very autonomous, they officially have no political ambitions and avoid criticizing the government or the communist party. According to Antoine Kernen, Scholar at the Graduate Institute of Development Studies in Geneva, “they know exactly how far they can go, what they can do and what they cannot do”.

5. FINANCIAL SITUATION OF CHINESE NGOS
NGOs are playing an increasingly important role in Chinese society, they are still at an initial stage of development and therefore face many problems and challenges. Several important problems have already been discussed in previous sections. GONGO still depend to a great extent on government or party departments, and several registered NGOs also have close links to the government. The inconsistent and
sometimes repressive government policies, the restrictive registration rules, and the uncertain legal status of non-registered NGOs represent great challenges for the development of the NGO sector in China.

In addition to these problems, the main constraint for Chinese NGOs is the lack of dependable funding. According to the NGO Research Center at Tsinghua University, in 1998 Chinese NGOs received on average nearly 50 percent of their income from government funds and subsidies, a much higher percentage than any other source, including private enterprises, individuals and foreign organizations and governments. However, these government funds are almost entirely restricted to GONGOs, and these organizations make up a very small part of all Chinese NGOs if non-registered ones are included. As already mentioned, even GONGOs have to cope with a decrease of funds from the government in the last years. Registered NGOs hardly receive any funds from the government. In the rare cases when NGOs working in areas such as environmental education or welfare provision receive money from the government, funds are allotted to a specific project and cannot be used for salaries or other expenses. Obviously, non-registered NGOs are not eligible for government funding since they do not enjoy legal status as “social organizations” or “popular non-enterprise work units”.

Therefore, registered NGOs not established by the government and non-registered NGOs have to rely almost exclusively on private funding sources. However, Chinese NGOs face serious problems when trying to raise funds from the Chinese population or from private enterprises. There are various reasons for this situation. One of them is China’s lack of an effective institutional structure for charitable contributions. The “Public Welfare Donations Law”, adopted in 1999, is the first legal document regulating donation activities in China. According to Article 1, donations to public welfare organizations are encouraged by the government. Article 3 lists the activities that are regarded as “public welfare undertakings”, including disaster relief, poverty alleviation, assistance to the handicapped, education, public health, environmental protection, cultural and scientific undertakings, and construction of public facilities. Unfortunately, the law merely defines a basic framework for charity donations. Its implementation has been difficult due to its vague nature. For example, according to Articles 24 and 25, business enterprises and individuals enjoy tax breaks when donating money to public welfare undertakings. However, the exact amount of the tax benefits and the way in which they can be enjoyed is not specified. Due to its vague nature and inconsistencies with other regulations, the law has had little impact on the development of NGOs in China. Huang Haoming, Executive Director of the China Association of NGO Cooperation (CANGO), remarks:

“In China, there is no tax incentive for individual donations. China has a Public Welfare Donation Law, but it’s a complete mess. In practical terms, even if you provide evidence of an individual donation, the tax authorities won’t recognize it.”

In addition, China does not have a strong philanthropic culture such as Western societies. For individuals, there are three ways to make donations. Employees in government agencies, institutions and state-owned enterprises are encouraged by their leaders to donate. This does not happen on a purely voluntary basis, and most of these funds go to mass organizations or GONGOs. There is also the possibility to buy lotteries.

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71 See Appendix C.
73 For a description of the “China Association for NGO Cooperation”, see section 7.
managed by government agencies. Part of this money goes to public welfare. The third possibility are donations on a purely voluntary basis, which are quite small compared to Western countries. Private enterprises are often struggling for their survival and make donations mainly to government agencies to gain some kind of beneficial treatment. Many large state-owned companies have serious financial problems themselves and are therefore not capable of donating money to NGOs.

The result is that the vast majority of Chinese NGOs have financial problems. According to a 2001 study by the NGO Research Center at Tsinghua University, nearly 90 percent of Chinese NGOs have an annual expenditure of under 500,000 Yuan (approx. US$ 60,000), and less than two percent spend more than one million Yuan (approx. US$ 120,000) per year. These figures include the relatively well-funded GONGOs. If only independent NGOs were considered, the average annual expenditure would be much lower. Scarce funding greatly complicates the ability of NGOs to attract high-quality employees. Furthermore, Chinese NGOs suffer from a lack of management skills, technical information and clear goals, as well as from weak organizational structures.

Excluding GONGOs, Chinese NGOs receive on average less than 20 percent of their funding from a combination of membership fees and donations from Chinese individuals and business enterprises. Since street collections are prohibited and media control prevents NGOs from launching public fund-raising campaigns, the most common way of attracting funds is through circles of friends and other personal connections. This means that on average between 80 and 90 percent of Chinese NGO funding comes from international sources, such as foreign governments and international NGOs or foundations. CANGO’s Huang Haoming says: “Nearly 100 percent of our funding comes from overseas sources. Our 20 major donors include the governments of Finland, Japan and Germany, as well as foreign NGOs and the United Nations Center for Regional Development”.

The availability of international funding sources is surely indispensable in the current initial stage of China’s NGO sector. However, strong dependency from foreign sources can be a serious problem for the long-term development of Chinese NGOs. International donors operate according to their own goals and project management styles, and Chinese NGOs have to conform to their requirements in order to receive financial support. As NGOs have to respond to the changing needs of their local membership, the creative development of NGOs in China could be constrained by the standardized assessment methods of foreign governments and international foundations.

6. PUBLIC PERCEPTION OF NGOS IN CHINA

The perception of NGOs among the Chinese elite seems to be positive. China Development Brief (CDB) conducted an informal survey of 130 wealthy Beijing citizens in fall 2002. The results show that the concept of independent NGOs is well known among the interviewed persons. In addition, many individuals recognized a number of Beijing’s more prominent NGOs. Environmental organizations have a particularly

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high public profile. A representative of CDB attributed the strong recognition of NGOs to the role of the Chinese press, which tends to give some coverage to the activities of NGOs, even small, individually funded ones. However, being asked questions about making donations or participating in charitable organizations, only few said they would be comfortable donating money or time to NGOs. In general, they declared that the most trusted channels for making donations were not NGOs but work units, schools and neighborhood committees. Social welfare agencies were the most common recipients, while disaster relief, assistance for school-dropouts, poverty relief in western China and support for disabled people were the most common charitable causes. Asked what they saw as the proper role of NGOs, 80 percent of the interviewees stressed the primacy of “supporting” or “supplementing” the work of government agencies. Only 10 percent suggested that NGOs should have a “unique and distinctively independent role”, and 10 percent were undecided.

Since this survey was not representative, it is not clear to what extent the concept of independent NGOs is known in China beyond wealthy Beijing citizens. According to experts, the public perception of NGOs is often linked to their influential leaders, such as Liang Congjie of “Friends of Nature” or Xiaoyi Liao of “Global Village of Beijing”. The staff of the United States Embassy in Beijing discovered negative attitudes towards NGOs in interviews with “people on the street” in 2002. They attributed their skeptical attitude to the lack of credibility of some NGOs. Their perception was that NGOs were not publicly accountable and sometimes corrupt in their use of funds. In recent years, a number of corruption cases involving Chinese NGOs have been exposed in the media.

7. DESCRIPTION OF SOME CHINESE NGOS

Amity Foundation

“The Amity Foundation” was established by the Jiangsu Christian Council in 1985. Today, Amity is one of China’s largest and most autonomous social service NGOs. Since its establishment, its programs have steadily grown in scope and scale, covering areas such as social welfare, education, health care, blindness prevention and rehabilitation, disaster relief as well as community and rural development. Due to its background, it maintains close links with Christian communities in foreign countries. Nearly all of Amity’s operational funds come from international Protestant church groups, mainly in Europe and North America. The organization also maintains an Overseas Liaison Office in Hong Kong.

In the area of rural development, Amity has implemented projects in close cooperation with local government agencies in 23 provinces. These projects often include different components such as drinking water and irrigation, education, health, agricultural technology and training, microfinance, afforestation, terracing, biogas and fuel efficiency. Amity’s Medical and Health Division has conducted village doctor training in western provinces. It also publishes a newsletter containing practical education material for graduates of village doctor training programs. The Blindness Prevention and Special Education Division has

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77 China Development Brief 2002.
78 Interview with Antoine Kernen, Scholar at the Graduate Institute of Development Studies, University of Geneva, on October 7th 2004.
been working with “Christian Blind Mission International” in programs to train eye doctors and eye care workers. This division also supports the training of special education teachers and promotes integrated education for children with hearing and visual impairment. Amity’s Social Welfare Division has promoted improved institutional care for orphans through the placement of “Grandma” volunteers. In addition, Amity is working in urban community development, supporting initiatives such as community centers and training for laid off women workers. Amity also facilitates small grants to other organizations and for local church groups establishing community projects such as health centers and kindergartens.

**Association for Rural Development of Yilong County**

The “Association for Rural Development of Yilong County” (ARDY) was founded in 1995 and officially registered in 1996 with the Civil Administration Department of Yilong County. Yilong County in Sichuan Province is an extremely poor region with a population of more than one million. ARDY calls itself “a grassroots NGO undertaking poverty alleviation, women’s participation and sustainable development in rural areas in Yilong County”. Its objective is to help people in rural communities (especially women) to establish independent and autonomous organizations in order to improve socio-economic conditions through self-development and poverty elimination. ARDY is composed of associated organizations in eight municipalities. These organizations incorporate 7,082 rural families in 52 villages. These rural families have formed 291 “Farmer Activity Centers” with on average 20 to 30 member families. ARDY’s main activity is to support rural families financially through microcredits. Since ARDY’s establishment, 1,390 “Farmer Credit Groups” have received a total amount of 12 million Yuan (approx. US$ 1.5 million). ARDY’s projects have been supported by the United Nations Development Programme, the United Nations Population Fund, OXFAM and the Sasakawa Peace Foundation.

**Center for Chinese Government Innovations**

The “Center for Chinese Government Innovations” (CCGI) was established in 2003 with a focus on political studies and policy consultation. It is run jointly by two Chinese institutions on political studies and is supported by the Ford Foundation. CCGI is affiliated to the Institute of Political Development and Government Administration at Peking University and was set up to foster cooperation between academia and government officials. Consisting of dozens of professors and researchers in political and social studies, CCGI’s mission is to find, evaluate, study, reward and disseminate innovations adopted by all levels of government. In 2003, the competitive election for township mayors and Communist Party secretaries in Southwest China’s Sichuan Province won CCGI’s first “Government Innovations Award”.

**Center for Legal Assistance to Pollution Victims**

The “Center for Legal Assistance to Pollution Victims” was established in 1998 as a subordinate body within the China University of Political Science and Law. Its mission is “to conduct focused interdisciplinary research on difficult theoretical and practical questions of Environmental Law, to develop domestic and

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80 Young, Nick 2001, p. 190.

Non-Governmental Organizations in China
international exchanges, to train environmental law enforcers and court officials, and to protect the environmental rights and interests of pollution victims”. The Center is staffed mainly by professors, legal experts and scholars specializing in environmental law from various universities and institutes in Beijing. Its main funding support to date has come from the Ford Foundation.

The Center offers legal advice for pollution victims through a telephone hotline and answers letters from pollution victims, providing them with free legal advice. It runs a column in the magazine “China Environmental News”, publicly answering readers’ questions on environmental law. Furthermore, the Center cooperates with relevant law firms to undertake environmental cases with particularly complicated or important environmental legal questions. The Center pays for part of the legal and administrative expenses for pollution victims who are unable to pay for their own expenses. The Center also offers training workshops for judges and lawyers dealing with environmental law. The purpose of the training courses is to increase institutional and professional capacities and improve enforcement of environmental law.

**China Association for NGO Cooperation**

“China Association for NGO Cooperation” (CANGO) was founded in 1992 and registered with the Ministry of Civil Affairs in 1993. Its predecessor was the NGO division of the “China International Center for Economic and Technical Exchanges”, a government agency set up in 1986 under the supervision of the Ministry of Foreign Trade and Economic Cooperation to execute UNDP programs. Although CANGO was originally established by the government, it became financially independent from state authorities in 1998 and is currently in a transition period to a completely autonomous NGO. CANGO’s mission is to create a network of Chinese NGOs working to address poverty alleviation, environmental protection and social development needs in China’s poor, remote, and minority-inhabited areas. CANGO acts as an intermediary organization between international agencies (foreign NGOs, bilateral and multilateral organizations) and Chinese NGOs, working to enhance fundraising, provision of technical support and capacity building. CANGO has 100 member organizations across China, all of which are registered Chinese NGOs. It represents Chinese NGOs in contractual arrangements with international NGOs and assumes responsibility for project oversight. Since 1986, CANGO (and its predecessor) has established cooperation relationships with over 150 foreign NGOs and bilateral and multilateral organizations. It has raised 280 million Yuan (approx. US$ 34 million) from 60 donor agencies. The funds were used to support 272 development projects throughout China. CANGO’s cooperation projects with international NGOs and organizations cover various fields, including rural development, environmental protection, poverty alleviation, disaster relief and rehabilitation, basic needs, health care, civil society promotion and practical skills training.

**China Charity Federation**

“China Charity Federation” (CCF) was established in 1994. It is the largest national charitable organization in Mainland China. Its purpose is “to uphold the spirit of humanitarianism and the Chinese traditional virtues of helping people in poverty or in trouble, help unfortunate individuals and groups of people and conduct various kinds of social relief work”. Its main activities include “raising funds for charity, developing

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84 “China Association for NGO Cooperation” website, accessed 14/04/2005 at [www.cango.org]; Young, Nick 2001, p. 32.
public welfare programs for the poor and needy, assisting the government in emergency relief work including the collection and allocation of both domestic and overseas donations, establishing and supporting social welfare agencies, developing regular donation programs and managing such donations, and executing aid projects”. CCF has a federal structure with over 90 affiliated city and provincial level member “Charity Foundations”. These raise money and implement projects in their own right, but also submit funding proposals to the National Federation and carry out programs initiated by the National Federation. All local foundations pay annual membership fees to the National Federation\(^8\).

CCF is a GONGO that maintains close relationships with the government. Many of CCF’s leadership members are former senior government officials. However, CCF has been showing signs of increasing independence in the last years. For example, it launched a successful massive fundraising campaign in 1998 for flood victims, raising more than 600 million Yuan (approx. US$ 72 million). It also mobilized volunteers nationwide to monitor the situation and distribute relief supplies, in open competition with the Ministry of Civil Affairs. Other past and ongoing projects include: corrective surgery, mainly for cleft lips and palates, for orphans; drinking water and irrigation projects in arid areas of western China (1995); rural school construction and renovation (1996); institutionalized provision for children whose parents are in prison; and improved facilities in homes for older people and social welfare institutions. CCF is also involved in networking and training initiatives for Chinese NGO staff\(^8\).

Since its establishment, CCF has been carrying out projects in cooperation with international NGOs. In 1998, CCF began a project in cooperation with “World Vision International” to provide training and bonus payments to low-paid teachers in underdeveloped rural areas. In 1999, CCF became a member of the international “United Way” movement. In 2001, it signed a memorandum of understanding with the United Nations Development Program establishing a formal partnership covering initiatives for poverty alleviation, disaster relief, education and health care as well as HIV/AIDS. CCF has also collaborated with a wide range of other international organizations, including OXFAM Hong Kong, Smile Train, Philip Hayden Foundation, and Hong Kong Shanghai Bank Foundation\(^7\).

**China Foundation for Poverty Alleviation**

“China Foundation for Poverty Alleviation” (CFPA), formerly known in English as the “Foundation for Underdeveloped Regions in China”, was founded in 1989 under the leadership of retired high-ranking government officials. The foundation is a GONGO sponsored by the “Office for Poverty Alleviation and Development” in China’s State Council. Its mission is to provide direct assistance to vulnerable groups, including women, children and ethnic minorities; to provide direct assistance to support public facilities and social services of poor communities; and to directly assist professionals and community-level organizations who provide technical services to poor people. CFPA is active in fundraising, management of donated funds and materials, and project implementation. Since its establishment, it has reportedly raised nearly 900 million Yuan (approx. US$ 109 million) for poverty reduction projects, directly helping two million poor

\(^8\) “China Charity Federation” website, accessed 30/07/2004 at [http://www.ccf-online.org/cishan_engl/default.htm].
\(^7\) Young, Nick 2001, p. 35.
\(^7\) Liu, Xiaohua 2002, p. 8.
people. Except for a relatively small amount of establishing funds from the government, most funds come from donations in China and abroad. CFPA’s projects mainly cover the following areas: drinking water for humans and livestock, terracing by moving stones, house rebuilding, overall assistance to build educational infrastructure in rural areas, rural applied technology training courses, assistance to improve rural women’s and children’s health, poverty reduction through news, and disaster relief. Projects are designed to combine the improvement of basic living conditions with practical skill training and education in order to change the situation in rural areas. The poverty reduction through news project uses China Central TV Station, China Central Radio Station and newspapers to build a nationwide poverty alleviation information network for poor people. In May 2000, CFPA started a rural microfinance project aimed at improving the self-reliance ability of poor farmers by providing both financial support and training programs. These training programs emphasize technical and management capacity building as well as communication and organizational skills. In January 2002, CFPA launched the “Project Hope” in cooperation with the Ministry of Public Health. This project aims at improving the management and medical facilities of hospitals in China’s western regions while effectively controlling their expenses.

**China Groupings Companies Promotion Association**

The predecessor of “China Groupings Companies Promotion Association” (CGCPA) was the “National Industrial Company Network”, founded by 23 large state-owned enterprises in 1983. The association was renamed CGCPA in 1993 after registering with the Ministry of Civil Affairs. Today, CGCPA is a large and influential industrial organization composed of 150 major state-owned enterprises. It is supervised by the “State-Owned Assets Supervision and Administration Commission” of the State Council. Although it was established by state-owned enterprises, CGCPA has not received any government funding. Its mission is “to facilitate the growth of large companies and industrial groups in line with the socialist market economy, to help them create modern corporate governance, to improve communication between member companies and the public sector, to organize exchange and cooperation amongst Chinese and foreign business as well as between industry and academic circles, to conduct research on business challenges in the process of enterprise reform, to represent the views and opinions of the business sector to government agencies and to organize training courses and business tours.”

CGCPA aims at supporting its members to adapt to a market economy by changing their managerial systems. This objective is pursued mainly by conducting research on key issues arising in the context of the reform of state-owned enterprises. Based on the result of the research, CGCPA develops policy proposals and submits them to relevant government departments. Since its establishment, it has submitted some 40 special reports and policy proposals to the State Council and other ministries. Through these reports and proposals, CGCPA was able to successfully influence economic policies of the Chinese government and to

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protect the interests of its member companies. This success demonstrates the increasingly important role of industrial and trade organizations in China\(^91\).

**China Youth Development Foundation**

“China Youth Development Foundation” (CYDF) was established in 1989 by the “Communist Youth League”, the “All China Youth Federation”, the “All China Student Federation”, and the “National Youth Workers Committee”. Its mission is “to seek support and assistance from organizations and individuals at home and abroad who are concerned about the well-being of Chinese youth and children; to promote education, science and technology, culture, physical education, health, social welfare, and environmental protection for Chinese youth and children; to work for the modernization and reunification of the motherland; and to enhance friendly relations among young people throughout the world and safeguard world peace”\(^92\).

CYDF became famous in China for launching and managing “Project Hope”, the most successful public welfare project in China. The objective of the project is to help school dropouts in poor rural regions return to school and complete elementary education. By the end of 2002, CYDF had raised over 2.2 billion Yuan (approx. US$ 266 million) in donations from overseas Chinese, Chinese and international corporations, and individuals. It had helped 2.47 million children from poverty-stricken rural families continue their studies, built 9,508 primary schools, supported 10,000 village schools in remote areas in establishing small libraries, and equipped more than 3,000 primary schools with modern teaching equipment. “Project Hope” is a very well known charity project in China. Surveys conducted by CYDF suggest that 94% of urban Chinese have heard of the project, and about 63% have donated to it. CYDF has built successful partnerships with multinational corporations in China. For example, Motorola has donated 21 million Yuan (approx. US$ 2.5 million) to “Project Hope”, and Coca-Cola has donated nearly 30 million Yuan (approx. US$ 3.6 million). In recent years, CYDF has also conducted training courses for primary school teachers, and has implemented pilot projects to introduce practical agriculture classes in rural primary schools\(^93\).

In addition, CYDF tries to encourage Chinese youths to develop their talents by presenting awards and prizes. It has cooperated with the “All China Youth Federation” in selecting “Ten Outstanding Chinese Youths” every year and is involved in the selection of “Young Chinese Scientists Winners”. CYDF has also established, together with the United Nations Development Programme, an annual “International Youth Prize for Poverty Elimination”. Furthermore, CYDF has organized the “China Internet Contest” to popularize learning through the use of the Internet among young people. Finally, CYDF is active in the development of China’s non-profit sector. Starting in 1997, a “Civil Society Research Committee” conducted in depth research of China’s emerging non-profit sector, culminating in the publication of a series of books on the subject and the hosting of an international conference in 1999\(^94\).

\(^{91}\) Liu, Xiaohua 2002, p. 7.
\(^{93}\) Young, Nick 2001, p. 61.
Friends of Nature

“Friends of Nature” (FON) is one of the first independent environmental NGOs in China. It was founded by Liang Congjie, a former professor of history and member of the Chinese People’s Political Consultative Conference. After an initial unsuccessful attempt to register with the National Environmental Protection Administration as a sponsor, FON formally registered in March 1994 as the Academy for Green Culture, an affiliate to the non-governmental Academy for Chinese Culture. Since then, FON has become one of China’s best known and most influential environmental advocacy groups. Its mission is “to promote environmental protection and sustainable development in China by raising environmental awareness and initiating a “green culture” among the public”. FON has around 1,200 individual members and over 20 institutional members. With a staff of eleven, FON relies heavily on the support of a large number of volunteers. Its funds mainly come from international NGOs and foreign enterprises in China. For example, FON has received funding support from the Ford Foundation, Save Our Future and the oil company Shell.

FON believes that the only way to create lasting environmental improvement is to raise public awareness and educate people. Its main focus has been on mass environmental education through field trips and vacation camps for students, lectures, seminars and training classes for teachers, as well as publications and campaigns for the general public. Over the past ten years, about 50,000 teachers, students and children have been exposed to FON’s programs. In 1999, it has launched the “Environmental Education Van Program”: with two “mobile classrooms”, FON has been teaching children at primary and middle schools around Beijing and in villages in the North West of China “to listen to nature, to revere all life and to understand the laws of ecology”. Since 2000, FON has organized “The Green Hope Initiative” in cooperation with the “China Youth Development Foundation”, sending volunteers to conduct environmental education activities in remote rural schools in eight Chinese provinces. FON’s “Better Environment Scheme” encourages primary and middle school students to design and implement environment protection projects in their own communities95.

In addition to environmental education, FON has also carried out activities to mobilize official and private efforts to find solutions to environmental problems. For example, it has conducted campaigns on freeing caged wild birds, relocating the Capital Steel Corporation, protecting the Tibetan antelope from poachers and exposing illegal logging that almost caused the extinction of a rare monkey species in Yunnan province. Since FON’s campaigns are often carried out in partnership with senior journalists, they have received frequent national press coverage, raising the profile of environmental issues in the mainstream media. FON maintains a database of environmental news in China and compiles yearly surveys on environmental reporting in Chinese newspapers, ranking quantity and quality of reporting96.

Global Village of Beijing

“Global Village of Beijing” (GVB) was founded in 1996 by Xiaoyi Liao, a former researcher at the Chinese Academy of Social Sciences, with her own money. Although GBV is formally registered as a business enterprise, there is no doubt it is an independent NGO in nature. GBV has 15 full time employees working in

96 Young, Nick 2001, p. 92.
its Beijing office and a network of 1000 officially registered volunteers throughout China. GVB’s mission is to “help China achieve sustainable development by increasing public awareness and enhancing public participation”\textsuperscript{97}. The organization is primarily funded by donations from abroad, such as grants from the United Nations Development Programme, the Ford Foundation, the Japanese Fund for Global Environment, the United States Environment Protection Agency and the Worldwide Fund for Nature\textsuperscript{98}.

Similar to FON, GVB’s main activities are in the area of environmental education. The organization aims at enhancing public awareness and promoting public involvement in environmental protection in China by using the mass media and various social activities. In the area of media activities, GBV produces TV programs on environmental issues, including the weekly ten-minute program “Time for Environment” that has been broadcast nationwide on China Central TV Station since April 1996. The organization also runs environmental columns in several national newspapers and a regular radio program called “Environment 30 Minutes”. It also organizes an annual discussion forum on “Journalists and the Environment”.

In addition, GBV carries out a number of other activities. It has produced “China’s first environmental guidebook for the public” with the endorsement of the State Environmental Protection Administration. The “Citizen’s Environmental Guide” shows ways for ordinary people to adopt a more environmentally friendly lifestyle. GBV has organized a network of experts in all fields of environmental work who provide consultancy services to policy makers. It promotes “green communities” in Beijing by encouraging citizens to adopt a “greener” lifestyle and by informing them about environmentally-friendly technologies for the household. GBV also coordinates a “Green Citizen Action Network” to promote public involvement in environmental activities nationwide. In 1999, the organization started the construction of an “Environmental Training Center” in Yanqing County, 70 km outside of Beijing. The 187-hectare site consists of forests, hills, wetland areas, farmland and bird habitats. GBV runs environmental training programs and nature study sessions there\textsuperscript{99}.

GBV has also been participating in inter-NGO networking. It has established a network of Chinese partner-NGOs and is trying to promote communication between national and international partners, NGOs, corporations and public officials through forums, consultations and newsletters. In February 2003 GBV started distributing the monthly newsletter “Voices of Grassroots” in Chinese and English in order to offer other NGOs a platform to express themselves, to facilitate communication of environmental messages and to support networking and capacity building in partner organizations\textsuperscript{100}.

**Green Watershed**

“Green Watershed” is a non-governmental organization based in Yunnan province. Its mission is to promote sustainable integrated rural watershed management and to influence hydropower development in western China. In recent years, using the 2000 World Commission on Dams Report “Dams and Development: A New Framework for Decision Making”, “Green Watershed” has been promoting a dialogue on dams and

\textsuperscript{97} “Global Village of Beijing” website, accessed 14/04/2005 at [http://www.gvbchina.org/EnglishWeb/index.htm].

\textsuperscript{98} Liu, Xiaohua 2002, p. 12.

\textsuperscript{99} Young, Nick 2001, p. 96.

\textsuperscript{100} “Global Village of Beijing” website, accessed 14/04/2005 at [http://www.gvbchina.org/EnglishWeb/index.htm].
sustainable watershed development among various levels of government, experts, dam companies and affected communities. For example, in July 2004 “Green Watershed” organized a workshop to discuss the ecological, social and economic consequences of dam construction for representatives of potentially displaced groups from Nujiang River, Lancang River, and Jinsha River. It has also been engaged in building partnerships with other Chinese NGOs and the media, aiming at organizing advocacy campaigns in order to promote good governance in the Chinese hydropower industry. “Green Watershed” has conducted the first “Dam Participatory Social Impact Assessment” in China.101

Rural Women Knowing All

“Rural Women Knowing All” (RWKA) is a magazine devoted to the problems of rural women. It was established in 1993 by a staff editor of the “China Women’s News” and has a circulation of over 200,000 nationwide. It began publishing a supplement called “Migrant Women Worker” in 2001. In addition, RWKA has also implemented a number of education and development projects to empower rural women. It has established a “Migrant Women’s Club” in Beijing that organizes social and educational activities (including computer training) and provides counseling services for its over 400 members. In 1998, RWKA established a “Rural Women’s Practical Skills Training School”, offering short-term vocational training in different areas, including agricultural technology. RWKA has been carrying out literacy programs for rural women in Hubei, Hebei and Gansu provinces, offering basic literacy instructions combined with health, sanitation, agriculture and livestock-raising information. The organization has also published a series of books for rural women on different topics, including law, business, employment, suicide, reproductive health, family planning, migration and domestic violence. With the support of the “International Republican Institute” based in the USA, RWKA has been training rural women in China to participate in local electoral politics since 2002. The organization has trained 150 local women on campaigning, constituent outreach and communication, in addition to other democracy tools. RWKA has also received funding from the Ford Foundation, the Global Fund for Women, the Tides Foundation and the Asia Foundation.102

8. CONCLUSION

The discussion of the current situation of the NGO sector in China in this paper suggests a cautionary note. It is problematic to apply Western conceptions of NGOs to the Chinese context without pointing out that a number of NGOs in China have closer relations to the government than their Western counterparts. It has to be taken into account that independence from the government cannot be regarded as a key characteristic for a number of NGOs in China. However, Western conceptions still provide useful standards against which to evaluate the current situation of Chinese NGOs.

The demand for non-governmental activities in China has been created by the social and environmental consequences of the economic reform process initiated in the late 1970s. The government does not have sufficient resources to adequately deal with these problems, so it has opened up some space for the development of NGOs. However, the government and the Chinese Communist Party are afraid that rapid

development of NGOs might catalyze political instability, so they have maintained strict control over them. When analyzing the degree of autonomy of Chinese NGOs, clear distinctions have to be made between GONGOs, registered, and non-registered NGOs. GONGOs were established by government and party departments to deal with certain problems and attract external funds. Although many of them are becoming more and more independent financially and politically, they are still very closely linked to the government. Registered NGOs also have strong connections with the government or the Chinese Communist Party, but many of them enjoy a great deal of autonomy. Finally, non-registered NGOs in politically non-controversial areas have the most autonomous character among social organizations in China. However, their situation is characterized by great uncertainty. Although most of the time they can conduct their activities without state interventions, the government still has the power to control them, and it will use it if they cross certain limits.

Therefore, the Chinese government’s NGO policy can be characterized as inconsistent or even ambivalent. On the one hand, there are very strict regulations for NGO registration and a lack of an effective institutional structure for charitable contributions. On the other hand, the government has established GONGOs and has played a major role in promoting some NGOs focusing on politically non-controversial issues\textsuperscript{103}. Most Chinese NGOs are not officially recognized and have no legally guaranteed right to exist, but they are tolerated by the government. As long as they do not challenge the authority of the state, the government leaves them alone. As a Chinese saying puts it, the officials keep “one eye open, the other closed”. Furthermore, the Chinese government simply lacks the resources necessary to control all NGO activities. There is a significant gap between the expressed intent of the government authorities and what can actually be enforced for any significant period throughout the entire country\textsuperscript{104}. The current situation of Chinese NGOs is thus very similar to the situation of the first private enterprises in China at the beginning of the economic reform process 25 years ago\textsuperscript{105}. China might be at the outset of a new and profound reform process, this time in the social and political sphere.

\textsuperscript{103} Comment by Qiusha Ma, Assistant Professor for East Asian Studies at Oberlin College, and Research Associate at the Mandel Center for Nonprofit Organizations, Case Western Reserve University.

\textsuperscript{104} Saich, Tony 2000.

\textsuperscript{105} Interview with Antoine Kernen, Scholar at the Graduate Institute of Development Studies, University of Geneva, on October 7\textsuperscript{th} 2004.
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APPENDIX A: PEOPLE’S REPUBLIC OF CHINA “REGULATIONS ON THE
REGISTRATION AND MANAGEMENT OF SOCIAL ORGANIZATIONS”¹⁰⁶

No. 1 - GENERAL PRINCIPLES

Article 1 These regulations are issued in order to guarantee citizens’ freedom of association, to protect society’s legal rights and interests, to promote the registration and management of social organisations, and promote socialist material and spiritual civilisation.

Article 2 In these regulations ‘social organisation’ means voluntary groups formed by Chinese citizens in order to realise a shared objective, according to their rules and to develop non profit making activities. All groups other than state organs may join social organisations as institutional members.

Article 3 To become established, social organisations must be approved by the authorised department [zhuguan danwei] and follow the registration procedure set out in these regulations.

Social organisations must have the status of a legal entity [faren tiaojian].

These regulations do not apply to the following organisations:

Peoples organisations which participate in the Chinese Peoples Political Consultative Conference.

Organs under the administration of the authorised State Council departments

State organs and groups, enterprises and institutional units [shiye danwei], and their internal bodies or groups.

Article 4 Social organisations must observe the constitution, state laws, regulations and state policy; must not oppose the basic principles of the constitution, harm the unity, security or ethnic harmony of the state, or interests of the state and society, or the lawful interests of other organisations or citizens, or offend social morality.

Social organisations may not undertake profit seeking activities.

Article 5 The state will protect social organisations and their activities conducted in accordance with the law, regulations and rules; other organisations or persons must not unlawfully interfere with them.

Article 6 The Ministry of Civil Affairs and local Civil Affairs departments at county level and above are the basic peoples government agencies for registration and management of social organisations. (Below, these are referred to as ‘registration and management agencies’ [dengji guanli jiguan]. State Council relevant departments and local government relevant departments at county level and above, or organs empowered by the State Council or local government at county level and above, serve as the relevant leading units of social organisations in related trade, scientific or other professional areas (These are below referred to as ‘professional leading units’ [yewu zhuguan danwei]).

Laws, administrative laws and regulations regarding the supervision and management of social organisations, will take effect in conjunction with other laws, administrative laws and regulations.

No 2. - ADMINISTRATION

Article 7 National level social organisations must register with and be managed by State Council registration and management agencies; local social organisations must register with and be managed by the local People's Government registration and management agencies; inter-area social organisations must register with and be managed by common higher level peoples registration and management agencies.

Article 8 If the registration and management agency and the professional leading unit are not in the same place as a social organisation, then supervision and management can be deputed to local registration and management agencies and professional leading units.

No. 3 - REGISTRATION

Article 9 Candidate social organisations must be investigated and approved [shencha] by a professional leading unit, and applying persons [faqi ren] must make preliminary application to the registration and management agency.

Article 10 To establish a social organisation the following conditions must be satisfied:
An organisation must have more than 50 individual members or more than 30 institutional members or, if it has both individual and institutional members, a total of at least fifty.
It must have a standard name, and organisational capacity.
It must have a fixed location.
It must have staff with qualifications appropriate to the professional activities of the organisation.
It must have lawful assets and a source of funds. National level organisations must have a minimum of 100,000 yuan to cover their activities; local social organisations and inter-area social organisations must have a minimum of 30,000 yuan.
It must be legally liable in its own right.
A social organisation's name must comply with the law and statutory regulations and must not offend public morality. A social organisation's name must reflect its activities, character and area of operations. Where national organisations use 'Chinese', 'All-China' etc, in their titles, they must be approved in accordance with the relevant state regulations. Local social organisations cannot use 'National', 'Chinese', 'All China' etc in their names.

Article 11 Persons applying to set up social organisations must supply the registration and management agency with the following documents:
Preliminary application.
A document of approval from the professional leading unit.
A record of assets and proof of right of use of premises.
Verification of identity and basic situation of intended people in charge and persons applying.
A draft of the constitution.

Article 12 Within 60 days of receiving the documents stipulated in Article 11 of these regulations, the registration and management agency must decide whether or not to approve the registration of an organisation, and in the case of refusal must explain the reason to the persons making the application.

Article 13 The registration and management agency will not approve the registration preparation in any of the following cases:
If it can be shown that the objectives and area of work of a social organisation applying for the first stage of registration do not comply with Article 4 of these regulations

If in the same administrative area there is already a social organisation active in the same [xiang tong] or similar [xiang si] area of work, there is no need for a new organisation to be established.

If the persons applying or the intended persons in charge have ever received criminal sanction of being deprived of their political rights, or do not possess complete civil liability [bu juyou wanquan minshi xingwei nengli].

If deception is employed in the preliminary application.

Other cases prohibited by law or administrative rules and regulations.

**Article 14** Within six months of the date of approval of the preliminary application by the registration and management agency, the social organisation must hold a general meeting of members, or a general meeting of members' representatives to pass a charter, establish an executive body, appoint office holders [fuze ren] and a legal representative [fading daibiao ren], and apply for final registration to the registration and management agency. During this preparation period the organisation must not undertake any activities other than preparing for registration.

A social organisation's legal representative must not at the same time act as legal representative person for another social organisation.

**Article 15** A social organisation's charter must include the following items:

- Name and address
- Objectives, professional area and the geographical area of activity
- Membership qualifications, rights and duties
- Democratic organisation and management structure and procedure for establishing an executive body
- Qualifications of and procedure for appointing and replacing office holders
- Principles of management and use of funds
- Procedure for amending the charter
- Procedure in the event of ceasing operations and management of remaining funds

Other business to be regulated by the charter

**Article 16** Within thirty days of receiving an application and relevant documents from a social organisation, the registration and management agency must complete its process of investigation. Registration will be approved and a ‘social organisation legal entity registration certificate’ [shehui tuanti faren dengji zhengshu] issued if there are no grounds for exclusion as covered by Article 13 of these regulations, if the preliminary process has been properly completed, and if the charter complies with requirements.

Registration certificates must include the following items:

- Name
- Address
- Objectives, professional area and geographical area of activity
- Legal representative
- Operational budget [huodong zijin]
- Name of the professional leading unit [yewu zhuguan danwei]

If registration is not approved the persons applying must be informed of the decision.
Article 17 From the date of approval of the establishment of a social organisation it will be legally recognised as a legal entity [faren zige], and within sixty days of establishment a social organisation must open a file [bei an] with the registration and management agency. Within thirty days of receiving the materials for the file, the registration and management agency must issue a ‘social organisation legal entity registration certificate’.

The information to be held on file must include the items covered in Article 16 of these regulations, and also the documents of approval in accordance with the law issued by the professional leading unit.

Article 18 The social organisation, as named in the ‘social organisation legal entity registration certificate’, may apply for an official seal and open a bank account. The social organisation must submit details of the design of the official seal and the bank account numbers for inclusion in the file held by the registration and management agency.

Article 19 If, after establishment, a social organisation wishes to set up a branch or subsidiary [fenzhi jigou], or representative agency [daibiao jigou], this must be investigated and approved by the professional leading unit; for purposes of registration, the registration and management agency must be supplied with files including the branch or agency name, its area of work, address of premises, and particulars of intended main officers.

Branches and representative agencies of social organisations belong to social organisations and may not be legal entities [faren zige] in their own right; they must comply with the rules regarding objectives, area of work, and geographical area as set out in the charter of the social organisation; and implement activities and develop the membership in accordance with the authorised mandate of the social organisation. Social organisation branches must not establish their own branches.

Social organisations must not establish regional branches.

No 4. - MODIFICATION OR CANCELLATION OF REGISTRATION

Article 20 If registration particulars or those held on file need to be changed, within thirty days of investigation and approval by the professional leading unit, the social organisation must apply to the registration and management agency for modification of the registration or files. (Hereafter these two kinds of modification are jointly referred to as ‘modification of registration’.)

If a social organisation wishes to amend its charter, within thirty days of investigation and approval by the professional leading unit, it must report the changes for approval by the registration and management agency.

Article 21 If any of the following circumstances apply to a social organisation, after investigation and agreement by the professional leading unit, the social organisation must apply to the registration and management agency for cancellation of registration or closing of its file. (Hereafter these two kinds of cancellation are referred to as ‘cancellation of registration’).

The objective of the social organisation has been achieved.
Closure of the organisation on its own initiative.
Separation of an organisation into discrete groups, or combination with other organisations.
Other reasons for closure.

Article 22 Before a social organisation cancels registration it must, under the guidance of the professional leading unit and other relevant units, establish a receiver group [qingsuan zuzhi] to complete winding up
operations. In the winding up period, the social organisation may not implement any activities other than winding up.

**Article 23** Within fifteen days of completion of the winding up process, the social organisation must undertake cancellation of registration with the registration and management agency. In undertaking cancellation of registration, the organisation must submit an application for cancellation of registration signed by the legal representative person, together with investigation files and winding up report by the professional leading unit.

If the registration and management agency approves the cancellation of registration it will issue a confirmation of cancellation and withdraw the social organisation's registration certificate, official seal and accounts.

**Article 24** If a social organisation wishes to close a branch or representative agency, the professional leading unit will undertake investigation, approval and subsequent cancellation of registration.

When a social organisation cancels its registration, its branches and representative agencies are simultaneously cancelled.

**Article 25** After cancellation of registration of a social organisation, its remaining capital will be dealt with in accordance with relevant national regulations.

**Article 26** Establishment, cancellation of registration, or changes in the name, address or legal representative of a social organisation must be publicised [gonggao] by the registration and management agency.

**No. 5 - SUPERVISION AND MANAGEMENT**

**Article 27** The registration and management agency will have the following responsibilities for supervision and management:

It is responsible for the registration and record keeping [bei an] with respect to establishment, modification and closure of social organisations.

It is responsible for conducting an annual review [jiancha] on the social organisation.

It is responsible for supervision and review in cases where social organisations fail to comply [weifan] with these regulations, and for applying disciplinary sanctions [xingzheng chufa] to organisations which fail to comply with these regulations.

**Article 28** The professional leading unit will have the following responsibilities for supervision and management:

It is responsible for investigating [shencha] the social organisation's preliminary application, establishment, modification or cancellation of registration.

It is responsible for supervising and guiding the social organisation in observance of the constitution, laws, statutory regulations, national policy, and in developing activities in accordance with their charter.

It is responsible for conducting a preliminary stage of the annual review.

It is responsible for helping the registration and management agency and other relevant departments to investigate and deal with illegal activities of social organisations.

It is responsible with other relevant departments for guiding the process of winding up social organisations [qingsuan shiyi].
Professional leading units may not levy a fee from the social organisations for performing the above services.

Article 29 A social organisation's capital resources must be lawfully obtained; no institution or individual may seize, secretly divide or divert the social organisation's capital.

A social organisation's resources, and income lawfully obtained from activities carried out in accordance with its charter and in accordance with relevant regulations, must be used for the area of work as defined by the organisation's charter and must not be distributed to the membership.

Contributions or donations to social organisations must be used in compliance with the principles and areas of work laid down in the organisation's charter, and in compliance with purposes, methods and timescale as agreed with donors. Social organisations must report to their professional leading unit on the receipt and use of contributions and donations, and must use appropriate means of publicising relevant information to society at large.

Salaries, insurance and social welfare benefits for full time staff of social organisations must comply with relevant regulations for institutional units [shìyè danwei].

Article 30 Social organisations must comply with the national financial management system and regulations, and accept the supervision of the Ministry of Finance; if an organisation's capital resources also derive from national subsidies or public contributions and donations it must also accept the supervision of the National Audit Office.

Before changing office holders or legal representatives the registration and management agency and professional leading unit must carry out a financial audit of the organisation.

Article 31 Social organisations must submit to their professional leading unit an annual work report for the preceding year by March 31; after preliminary investigation and approval by the professional leading unit, the report must be submitted, by May 31, to the registration and management agency, which will then carry out an annual review. The work report should include the following contents: the organisation's situation in respect of complying with laws, regulations and national policy; its situation in respect of these regulations' registration requirements; activities carried out in accordance with its charter; any changes in membership, administration; financial situation.

The registration and management agency should simplify the contents of the annual review for social organisations which have, in accordance with Article 17 of these regulations, been issued with a 'social organisation legal entity registration certificate'.

No. 6 - SANCTIONS

Article 32 If a social organisation engages in deception [nónɡxù zuōjiá] while applying for registration, or if within one year of receiving the 'social organisation legal entity registration certificate' it does not engage in any activities, then the registration and management agency must cancel the registration.

Article 33 In any of the following cases, the registration and management agency will issue social organisations with a formal warning and instruction to rectify their conduct; it may also stipulate a time frame within which further activities must cease; and may order a change in executives with direct management responsibilities [zhījiē fúzé de zhūguān rén]; in serious cases, registration will be cancelled; if the activities are criminal, criminal sanctions will be applied in accordance with the law.
Where the ‘social organisation legal entity registration certificate’ is obliterated, hired out or lent, or the social organisation's official seal is hired out or lent.

Where an organisation's activities go beyond the principles and area of work as defined in the charter.

Where supervision and reviews in accordance with the regulations are refused or not accepted.

Where modifications of registration are not carried out in accordance with the regulations.

Where branches or representative agencies are established without approval, or where poor management of branches or representative agencies has serious results.

Where organisations engage in profit seeking activities.

Where a social organisation's capital, public contributions or donations are seized, secretly divided or diverted.

Where relevant national regulations are contravened in the charging of fees, collection or receipt of financial resources, donations or contributions.

Illegal profits and other illegally obtained goods, gained through activities covered in the above regulations, will be confiscated; a fine may also be imposed equivalent to between one and three times the value of illegally gained profits or between three and five times the value of illegally obtained goods.

**Article 34** If a social organisation's activities oppose other laws or regulations, it will be dealt with by the appropriate national agencies; if the relevant national agencies consider the social organisation should be closed down, the registration and management agency will cancel the registration.

**Article 35** If a social organisation engages in preliminary activities without approval, or if it carries out activities in the name of a social organisation without being registered, or if a social organisation whose registration has been cancelled continues to carry out activities in the name of the social organisation, then the registration and management agency will close the organisation down and confiscate its illegal assets; in criminal [fanzui] cases, criminal penalties will be applied in accordance with the law; in non-criminal [shang bu goucheng fanzui] cases, a public security sanction [zhi an guanli chufa] may be imposed in accordance with the law.

**Article 36** If a social organisation is instructed to cease its activities within a specified time, the registration and management agency will freeze the 'social organisation legal entity registration certificate', official seal and financial records.

If the registration of a social organisation is cancelled, the registration and management agency will confiscate its 'social organisation legal entity registration certificate' and official seal.

**Article 37** If the staff of the registration and management agency or the professional leading unit abuse their powers, fail to act impartially and commit irregularities, or neglect their duty, in criminal cases criminal penalties will be applied in accordance with the law, in non-criminal cases disciplinary sanctions [xingzheng chufen] will be imposed in accordance with the law.

**No. 7 - SUPPLEMENTARY**

**Article 38** The design of the ‘social organisation legal entity registration certificate’ is decided by the State Council Ministry of Civil Affairs.

No charge may be levied for conducting the annual review.
Article 39 Social organisations already established before the issuing of these regulations, must apply for registration in accordance with the provisions of these regulations, within one year of these regulations taking effect.

Article 40 These regulations take effect from the date of publication. At the same time, the State Council's 'Regulations on Registration and Management of Social Organisations' published on October 25, 1989 no longer have effect.
APPENDIX B: PEOPLE’S REPUBLIC OF CHINA “PROVISIONAL REGULATIONS ON THE REGISTRATION AND MANAGEMENT OF POPULAR NON-ENTERPRISE WORK UNITS”\textsuperscript{107}

No. 1 - GENERAL PRINCIPLES

Article 1 These regulations have been drawn up in order to standardise the registration and management of popular non-enterprise work units, to guarantee their legal rights and interests, and to promote the construction of socialist material and spiritual civilisation.

Article 2 What these regulations refer to as popular non-enterprise work units indicates social organisations carrying out social service activities of a non-profit nature, run by enterprise and institutional work units, social groups and other social forces, and also individual citizens using non-state assets.

Article 3 The establishment of a popular non-enterprise work unit should undergo the examination and agreement of the professional leading unit and registration should be in accordance with the provisions of these regulations.

Article 4 Popular non-enterprise work units should respect the constitution, laws, regulations and national policies. They should not oppose the basic principles set out in the constitution, nor should they endanger national unity, security or ethnic unity. They should not harm the national interest nor go against prevailing social morality. Popular non-enterprise work units may not engage in profit seeking business activities.

Article 5 The State Council’s Ministry of Civil Affairs and also the civil affairs departments under local Peoples’ Governments at all levels above county are the bodies for the management of the registration of popular non-enterprise work units at that level of Government (hereinafter referred to as registration management authorities).

The relevant departments of the State Council and of local Peoples’ Governments at all levels above county and organisations authorised by the State Council or local Peoples’ Governments at all levels above county shall be the professional leading unit within the ambit of the relevant trade or profession of a popular non-enterprise work unit (hereinafter referred to as professional leading units).

Where laws and administrative regulations have other stipulations regarding the supervision and management of popular non-enterprise work units, these shall be carried out in accordance with the provisions of the relevant laws and administrative regulations.

No. 2 - JURISDICTION

Article 6 Registration management authorities are responsible for the registration and management of popular non-enterprise work units examined and approved by professional leading units at their same level.

Article 7 Where registration management authorities, professional leading units and the popular non-enterprise work units under their jurisdiction are not in the same place, they may entrust the registration management authorities and professional leading units where the popular non-enterprise work unit is located to undertake the work of supervision and management.

\textsuperscript{107} Published by the State Council at the 8\textsuperscript{th} ordinary session on September 25\textsuperscript{th} 1998. Translation by “China Development Brief”, website accessed 20/04/2005 at [http://www.chinadevelopmentbrief.com/page.asp?sec=2&sub=1&pg=3].
No. 3 - REGISTRATION

Article 8 Popular non-enterprise work units applying for registration should meet the following conditions:
Examined and approved by the professional leading unit;
Having a standard name and the necessary organisational structure;
Have the appropriate staff for the activities of their vocation;
Have the appropriate legitimate assets for the activities of their vocation;
Have the necessary premises.
The name of a popular non-enterprise work unit should accord with the stipulations of the State Council's Civil Affairs Department, and may not be headed by such words or phrases as 'China', 'All-China', 'Chinese' etc.

Article 9 The applicant for the registration of a popular non-enterprise work unit should provide the following documentation to the registration management body:
Letter of application for registration;
Document giving the permission of the competent professional body;
Proof of use rights for place of business;
Report showing acceptable assets
Basic personal details and identity card of the proposed responsible person;
Draft of the charter.

Article 10 The charter of a popular non-enterprise work unit should include the following items:
Name, place of business;
Aims and scope of activities;
Organisation and management system;
Procedures for the production and recall of legal representatives or responsible persons;
Principles for the use and management of assets;
Procedures for the amendment of the charter;
Procedures for ceasing operations and the handling of remaining assets;
Other business to be regulated by the charter.

Article 11 Within sixty days of receiving full and effective documentation of establishment and application for registration, the registration management authorities should issue a decision on whether or to approve the applicant's registration. Under the following conditions the registration management authorities should not allow registration, and in the case of refusal should must explain the reason to the applicant:
There exists evidence showing that the aims or scope of activities of a popular non-enterprise work unit applying for registration are not in accord with the stipulations of Article 4 of these regulations;
There has been falsification during application to set up;
There already exists a popular non-enterprise work unit in the same administrative district with the same or similar scope of activity, and there is thus no need to set one up;
The proposed legal representative is currently or has previously suffered the criminal penalty of removal of political rights, or does not possess the full ability to engage in civil activities.
There are other circumstances forbidden by laws or administrative regulations.

Article 12 The registration management authorities shall register the name, place of business, aims and scope of activities, legal representative or responsible person, starting funds and professional leading unit
of those popular non-enterprise work units that obtain permission to register. Moreover, based on their
different forms of undertaking civil responsibility in accordance with the law, issue them with either a
"Certificate of registration as a popular non-enterprise work unit (legal entity)"; a "Certificate of registration
as a popular non-enterprise work unit (partnership)" or a "Certificate of registration as a popular non-
enterprise work unit (individual)."

Those popular non-enterprise work units that, in accordance with the stipulations of the law and other
administrative regulations, have already obtained the appropriate operating license should have their
registration procedures simplified by the registration management authority, and should be issued with the
appropriate certificate of registration as a popular non-enterprise work unit on the basis of an operating
license form the relevant competent department.

**Article 13** Popular non-enterprise work units may not set up branch organisations.

**Article 14** Popular non-enterprise work units should apply to have seals cut and to open a bank account on
the basis of their registration certificate. The popular non-enterprise work unit should report the style of
their seal and their bank account number to the registration management authority so that they may be
placed on record

**Article 15** Should any of the matters pertaining to the registration of a popular non-enterprise work unit
require alteration, they should apply for alteration of their registration by the registration management
authority within thirty days of receiving the consent after examination of the professional leading unit.
Should a popular non-enterprise work unit revise its charter, they should report to the registration
management authority for approval within thirty days of receiving the consent after examination of the
professional leading unit.

**Article 16** Those popular non-enterprise work units that disband themselves, subdivide, merge, or that for
any other reason need to cancel their registration, should do so through the registration management
authority.
Prior to carrying out the cancellation of their registration, popular non-enterprise work units should, under
the guidance of the professional leading unit and other relevant authorities, establish a receivership team
and complete the winding up of the unit's operations. During this process the popular non-enterprise work
unit may not carry out any other activity.

**Article 17** The legal representative or responsible person of a popular non-enterprise work unit should
cancel their registration with the registration management authority within 15 days of the completion of
winding up the unit's operation. When carrying out the cancellation of registration, a letter of application for
cancellation of registration, an examination documentation from the professional leading unit and a final
winding up report must be submitted.
Those units that are permitted to cancel their registration by the registration management authority will be
issued with documentary proof of the cancellation of their registration, and will have their certificate of
registration, seals and financial credentials taken away.

**Article 18** The registration or cancellation thereof of a popular non-enterprise work unit or their change of
name, place of business, legal representative or responsible person should be made public by the
registration management authority.
No. 4 - SUPERVISION AND MANAGEMENT

Article 19 The registration management authority has the following supervisory and management responsibilities:
Responsible for the establishment, alteration, and cancellation of registrations of popular non-enterprise work units;
Conduct an annual review of popular non-enterprise work units;
Conduct a supervisory review where there are problems with popular non-enterprise work units fail to comply with these regulations, and apply administrative sanctions to activities of popular non-enterprise work units that fail to comply with these regulations.

Article 20 The professional leading unit has the following supervisory and management responsibilities:
Responsible for the investigation of popular non-enterprise work units prior to the establishment, alteration, or cancellation of their registrations;
It is responsible for supervising and guiding the popular non-enterprise work units in observance of the constitution, laws, statutory regulations, national policy, and in developing activities in accordance with their charter;
Responsible for the annual review of popular non-enterprise work units;
Assist the registration management authority and other relevant departments in investigating and disciplining any illegal activities of popular non-enterprise work units;
Jointly oversee the winding down of popular non-enterprise work units with other relevant authorities.
Professional leading units may not levy a fee from the popular non-enterprise work units for performing the above services.

Article 21 A popular non-enterprise work units' capital resources must be lawfully obtained; no institution or individual may seize, secretly divide or divert the popular non-enterprise work unit's capital.
Popular non-enterprise work units' legal income must be used for activities stipulated by the charter of the unit.
Contributions or donations to popular non-enterprise work units must be used in compliance with the principles and areas of work laid down in the organisation's charter, and in compliance with purposes, methods and timescale as agreed with donors. Popular non-enterprise work units must report to their professional leading unit on the receipt and use of contributions and donations, and must use appropriate means of publicising relevant information to society at large.

Article 22 Popular non-enterprise work units must implement a financial management system as per State regulations and accept the supervision of finance departments; those whose source of funds is State financial aid or donations and/or financial aid from society at large should also accept the supervision of auditing organisations.
Before changing office holders or legal representatives the registration and management agency and professional leading unit must carry out a financial audit of the organisation.

Article 23 Popular non-enterprise work units must submit to their professional leading unit an annual work report for the preceding year by March 31; after preliminary investigation and approval by the professional leading unit, the report must be submitted, by May 31, to the registration and management agency, which will then carry out an annual review. The work report should include the following contents: the unit's
situation in respect of complying with laws, regulations and national policy; its situation in respect of these regulations' registration requirements; activities carried out in accordance with its charter; any changes in membership, administration; financial situation.

The registration and management agency should simplify the contents of the annual review for social organisations which have, in accordance with Article 12 Section 2 of these regulations, been issued with a registration certificate.

No. 5 - SANCTIONS

Article 24 Those popular non-enterprise work units that whilst applying for registration engage in falsification or attempt to fraudulently obtain registration, or who have their permission revoked by the professional leading unit should have their registration cancelled by the registration management authority.

Article 25 In any of the following cases, the registration and management agency will issue popular non-enterprise work units with a formal warning and instruction to rectify their conduct; it may also stipulate a time frame within which further activities must cease; and may order a change in executives with direct management responsibilities [zhijie fuze de zhuguan ren]; in serious cases, registration will be cancelled; if the activities are criminal, criminal sanctions will be applied in accordance with the law:

Where the popular non-enterprise work unit's registration certificate is obliterated, hired out or lent, or the social organisation's official seal is hired out or lent.

Where a popular non-enterprise work unit's activities go beyond the principles and area of work as defined in the charter.

Where supervision and reviews in accordance with the regulations are refused or not accepted.

Where modifications of registration are not carried out in accordance with the regulations.

Where branches organisations are established.

Where popular non-enterprise work units engage in profit seeking activities.

Where a popular non-enterprise work unit's capital, public contributions or donations are seized, secretly divided or diverted.

Where relevant national regulations are contravened in the charging of fees, collection or receipt of financial resources, donations or contributions.

Where the activities listed in the preceding sections produce an illegal operating surplus [jingying'e] or illegal gains, this shall be confiscated. They may moreover be fined an amount between twice and three times this illegal surplus or between three and five times such an illegal gain.

Article 26 If a popular non-enterprise work unit's activities oppose other laws or regulations, it will be dealt with by the appropriate national agencies; if the relevant national agencies consider the popular non-enterprise work unit should be closed down, the registration and management agency will cancel the registration.

Article 27 Those who have not registered and engage in the activities in the name of a popular non-enterprise work unit without authorisation, or popular non-enterprise work units that have had their registrations revoked yet continue to engage in activities in the name of a popular non-enterprise work unit will be disbanded and have their unlawful property confiscated by the registration management authority. Where this constitutes a crime, criminal responsibility should be determined in accordance with the law; where it does not constitute a crime a public security sanction may be imposed in accordance with the law.
Article 28 If a popular non-enterprise work unit is instructed to cease its activities within a specified time, the registration and management agency will freeze the popular non-enterprise work unit's registration, official seal and financial records.

If the registration of a social organisation is cancelled, the registration and management agency will confiscate its registration certificate and official seal.

Article 29 Those members of staff of registration management authorities or professional leading units who abuse their power, practice favouritism or embezzle, or neglect their duty, shall, where this constitutes a criminal offence, have their criminal responsibility investigated in accordance with the law; where it does not constitute a criminal offence, they shall be given administrative punishment in accordance with the law.

No. 6 - SUPPLEMENTARY
Article 30 The design of the popular non-enterprise work unit registration certificate shall be decided by the State Council Ministry of Civil Affairs.

No charge may be levied for conducting the annual review.

Article 31 Popular non-enterprise work units already established before the issuing of these regulations must apply for registration in accordance with the provisions of these regulations, within one year of these regulations taking effect.

Article 32 These regulations take effect from the day of their promulgation.
APPENDIX C: PEOPLE’S REPUBLIC OF CHINA “PUBLIC WELFARE DONATION LAW”

No. 1 - GENERAL PRINCIPLES

Article 1 These regulations are drawn up in order to encourage donations; standardize the behaviour of donors and recipients [shou zeng]; protect the legal rights of donors, recipients and beneficiaries; and promote the development of public welfare undertakings.

Article 2 Individuals, legal representatives [faren], and other organisations may voluntarily and freely make contributions to public welfare social organisations [gongyixing shehui tuanti] and public welfare non-profit institutional work units [gongyixing feiyi de shiye danwei] to be applied according to these regulations for use in public welfare undertakings.

Article 3 The following non-profit activities shall be deemed public welfare undertakings to which the regulations apply:
Disaster relief, poverty alleviation, and assistance to the handicapped, as well as activities for social groups [shehui tuanti] and individuals in straightened circumstances.
Education, scientific, cultural, public health, and athletic undertakings.
Environmental protection and construction of public facilities.
Other public welfare undertakings promoting social development and progress.

Article 4 Donations should be voluntarily and freely given. It is forbidden to forcefully or covertly extract donations, or to use the name of the donor in a for-profit enterprise.

Article 5 Donations should be used in a manner respecting the wishes of the donor, and conforming with the end purpose of public welfare. Donated property may not be diverted to other purposes.

Article 6 Donors should abide by laws and regulations; they should not violate social mores, and should not work against the public interest, or any other people's lawful interests.

Article 7 Donations received by public welfare organisations add to the value of society, and therefore receive the protection of the nation's laws from seizure, embezzlement, or damage by any work unit or individual.

Article 8 The state encourages the development of public welfare undertakings, and grants support and preferential treatment to public welfare social organisations and public welfare non-profit institutional work units.
The country encourages individuals, legal representatives, and other organisations to donate to public welfare undertakings.
The government has granted commendations to individuals, legal representatives, or other organisations that have made notable contributions to public welfare undertakings. Before undertaking public commendation of donors, the donor's opinion must first be solicited.

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108 Passed by the 10th meeting of the Standing Committee of the 9th National People's Congress on June 28th 1999.
No. 2 - DONORS AND RECIPIENTS

**Article 9** Individuals, legal representatives, or other organisations may choose to donate to any public welfare social organisation or public welfare non-profit institutional work unit that is conducting activities. Donations should be the lawful property of the donor.

**Article 10** Public welfare social organisations and public welfare non-profit institutional work units can receive donations according to these regulations. Regulations of so-called public welfare social organisations are established with the principle aim of developing charities and other social organisations. Regulations of so-called public welfare non-profit institutional work units apply to organisations engaged in working towards public welfare non-profit purposes including education organisations, scientific research organisations, medical and public health organisations, social welfare organisations and so on.

**Article 11** At the occurrence of a natural disaster or other circumstances is which a donor asks government departments above the county level [xian ji yi shang renmin zhengfu jiqi bumen] to receive donations, the government department above the county level can receive donations, and furthermore according to the related regulations, can undertake the management of donated property. Government departments above the county level can pass received donations on to public welfare social organisations or public welfare non-profit work units; they can also, in accordance with the donor's wishes, distribute funds to set up public welfare undertakings, but they may not name their own organisation as the beneficiary.

**Article 12** Donors may specify the quality, amount, and use of a donations by means of contracts with recipients. The donor has the right to decide the type, use, and amount of the donation. Donors should fulfil the donation agreement, and according to the period of time and fashion arranged in the contract transfer the donated property to the recipient.

**Article 13** Donors making contributions to public welfare undertaking construction projects should reach an agreement with the recipients arranging the construction project's funding, construction, management and use. Donors to public welfare undertaking construction projects can act on behalf of the recipients, in accordance with relevant regulations, in handling the project's inspection and approval procedures; furthermore organisations can organise construction work, or recipients and donors can jointly organise construction work. Construction quality should be meet the nation's quality standards. At the completion of the donated public welfare undertaking construction project, the recipients should inspect the construction, the use of funds, and the construction quality to ensure that the conditions match the donor's specifications.

**Article 14** Donors may have their name marked on public works construction projects; principal or sole contributors may select a name for the construction project, with the endorsement of a government department above the county level.

**Article 15** When foreign [jingwai] donors make contributions, the recipients should handle entry procedures in accordance with relevant government regulations. Donors require permits for the import management of goods. Recipients should handle permit applications according to the relevant government regulations; customs inspections will be based upon the permits.
For Overseas Chinese wishing to make donations within China, the Office of Overseas Chinese Affairs [renmin zhengfu qiao bumen] may supply assistance in arranging entry procedures.

No. 3 - USE AND MANAGEMENT OF DONATED PROPERTY

Article 16 After receiving donations, recipients should take care to present a receipt to the donor and file a record of the donations.

Article 17 Public welfare social organisations should make use of donations and financial aid in activities and undertakings that conform with the specified purpose. Donations made for disaster relief should promptly be used for relief activities. The proportion of their income that foundations give yearly in financial aid to public welfare undertakings may not be lower than the proportion specified by the government.

Public welfare organisations should rigorously abide by relevant government regulations, in accordance with the principles of law, safety, and efficiency and work vigorously to bring about an increase in the value of the donation.

Public welfare non-profit institutional work units should ensure that donations are used for the development of that work unit's public welfare undertakings, and that funds are not diverted to other uses. Receivers may sell off donated goods that are not stored or transported easily, or that exceed practical needs, and the resulting income in its entirety should be used to achieve the donor's purpose.

Article 18 After reaching an agreement with the donors, the recipients should make use of the donated property according to the provisions of the agreement; they may not on their own authority change the use of the donation. If there is an authentic need to change the use of the donation, the receiver should solicit the donor's consent.

Article 19 The recipients should, in accordance with the country's relevant laws, establish adequate procedures for the management of donations [jianquan caiwu kuaiji zhidu] and a system for the regulated use of donations, as well as strengthen their management of donations.

Article 20 Each fiscal year, recipients should report to the relevant government Ministry on the use, management, and supervision of donations. It is essential that at any time relevant government Ministries can conduct an audit of the properties.

Customs officials will supervise and manage reductions and exemptions of import duties on donated goods, in accordance with the law.

The Office of Overseas Chinese Affairs may participate in the management and supervision of projects sponsored by donations from Overseas Chinese.

Article 21 Donors have the right to inquire to receivers about the use and management of donations, and to put forward their opinions and suggestions. The recipients must respond truthfully to the donor's inquiries.

Article 22 The recipients must make public the conditions, use and management of donations and must accept the supervision of society [jieshou shehui jiandu].

Article 23 Public welfare social organisations should rigorously practice economy and reduce management costs; employees' salaries and office expenses should be derived from interest on donations and other income, and be commensurate with standards specified by the government.
No. 4 - PREFERENTIAL MEASURES

Article 24  Corporations and other enterprises that under the stipulations of these regulations make donations to public welfare undertakings, will in the administration of these regulations enjoy business tax benefits.

Article 25  Individuals and private small businesses [gongshanghu] that under the stipulations of these regulations make donations to public welfare undertakings, will in the administration of these regulations enjoy personal tax benefits.

Article 26  Foreigners [jingwai] making donations of goods and materials to public welfare social organisations and public welfare non-profit institutional work units for use in public welfare undertakings, will in the administration of these regulations will enjoy reduction or elimination of import taxes and import procedural fees.

Article 27  The local people's government should grant support and preferential treatment to donated construction projects.

No. 5 - LEGAL RESPONSIBILITIES

Article 28  Recipients who have not solicited the donor's permission, or who have on their own authority changed the nature or use of a donation are to be ordered by a government department above the county level to correct their error, and are given a warning. If they refuse to correct their error or solicit the donor's opinion, the government may turn over the donation to another public welfare social organisation or public welfare non-profit institutional work unit in the same or similar area of work.

Article 29  In the event of embezzlement, seizure, or corruption of any of the donated goods, the relevant government department may order the return of the remaining funds or donated goods to the donor, in addition to imposing a fine. Furthermore, the persons responsible will be dealt with according to the regulations of the work unit. In criminal cases, criminal penalties will be applied in accordance with the law.

Article 30  Among the activities of donors, the behaviours listed below are punishable by law; in criminal cases, criminal penalties will be applied in accordance with the law.

Evasion of exchange control
Tax evasion
Engaging in illicit activities
Not obtaining customs permissions or not paying the proper amount of tax, and then transferring or selling goods for profit.

Article 31  Employees of recipients who abuse their powers, neglect their duties, or fail to act impartially and commit irregularities, resulting in a major loss of donated goods will be dealt with according to the regulations of the work unit. In criminal cases, criminal penalties will be applied in accordance with the law.

No. 6 - SUPPLEMENTARY

Article 32  These regulations will take effect on September 1st 1999.