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CHINA PHILANTHROPY PROJECT



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CHINA'S MOST GENEROUS

UNDERSTANDING CHINA'S PHILANTHROPIC LANDSCAPE

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Introduction

The growth of new wealth is one of the most important, far-reaching, and captivating aspects of change in modern China. Traditions of benevolent societies, clan-based giving, temple association support, and voluntarism have long been present in Chinese society, and coexisted alongside state-affiliated social welfare institutions throughout its dynastic, Republican, and Communist periods. Rapid economic expansion over the past 35 years has resulted in a generation of highly concentrated wealth holders who are now grappling with familiar questions of any gilded age: How should I give back to my community? Which causes are the most in need? How can I create meaningful change and have a lasting impact? Chinese philanthropy has also begun to branch into international networks of giving. Global leaders in the sector such as Bill Gates and Warren Buffett have sought to recruit counterparts of the developing world into “The Giving Pledge” and other forms of phased planning that enables donors, still far from retirement, to shape their giving. The rise of this new cohort of philanthropists leads to compelling questions:

- Who are these new Chinese donors?
- Which causes are they supporting?
- What is the geography of giving in China?
- Through what vehicles do they mobilize such support?

This project seeks to complement existing studies and sources of data to highlight China’s top 100 donors in 2015, their giving patterns, and perhaps shift the focus away from wealth creation towards generosity in such a rapidly changing social, political, and economic context.

Project Background

This brief report summarizes the initial [key findings](#) of a recently launched China Philanthropy Project at Harvard Kennedy School’s Ash Center for Democratic Governance and Innovation. In the summer of 2015, our team began collecting data relating to major domestic philanthropic donations in China from September 2014 to August 2015. We sought to identify the 100 top donors in China, their professional background (real estate, manufacturing, etc.), type of giving (cash, stock, etc.), cause(s) supported (education, environment, etc.), vehicle of support (direct donation, donation through another foundation, etc.), origin and destination of giving, and type of recipient organization to which they gave. These 100 individuals accounted for \$3.8 billion of both pledges and donations in the one-year period, which accounted for about 0.03% of China’s 2014 GDP, and their actual giving equaled just under one-quarter of total national giving that year. In the event that top donations were given by a private company, the founder of that corporation is listed as the donor, given the level of control such founders exercise over private companies in China. In the event that top donations were given by a publicly listed company or corporate foundation, whose ownership structure can therefore be confirmed, the controlling shareholder is listed as the donor.

While Forbes, Hurun, and other organizations have compiled data related to China’s “rich lists,” and academic institutions such as Johns Hopkins have built useful comparative indices related to giving and volunteering, we thought an interactive research platform was needed to think about definitions of generosity and the geography of giving in the Chinese context. The resulting maps, donor database, “Top 10” lists, and key findings serve as the beginning of such a user-focused platform. The website also features social media and feedback/inquiry e-mail buttons for visitors to share thoughts on how to improve and expand the site, identify errors, and share the findings. Our early work has identified several broad patterns, and therefore a host of new questions that will frame subsequent waves of more in-depth research in the coming years.

Initial Results

Most Giving is Single-Cause and Local — 3 Maps

One of the more striking patterns emerging from our data is the local nature of major giving and a focus on single-cause philanthropy. While greater economic inequality between China's developed East and the less-developed hinterlands has resulted in a Gini coefficient higher than that of the US, top 2015 philanthropists are generally not seeking to counter such inequality geographically. In fact, as a percentage of total giving among our top 100 donors, six out of every 10 RMB (57.2%) was donated in the same provincial level jurisdiction as the donor's corporate headquarters. Donors from provinces ranging from the more prosperous Shandong, Shanxi, Jilin, Henan, and Hunan to the less developed Ningxia, Shaanxi, and Guizhou all gave 100% of their support locally. Donors from Liaoning, Zhejiang, and Hubei gave 92.1%, 82.9%, and 89.7% locally. Similarly, Guangdong philanthropists, who hail from the most generous region in 2015, represent one-fifth of the top 100 donors, and give over one-fifth of total donations, distribute three-quarters of their generosity locally. As a result, impoverished provinces with limited local resources fare quite poorly. Less-developed regions with considerable environmental, educational, welfare, cultural, health, and disaster relief needs such as Xinjiang, Ningxia, and Tibet receive a dramatically lower amount of donations in both absolute and relative terms. For example, only 0.01% of 2015 giving by our Top 100 donors goes to Tibet, and a mere 0.04% goes to Xinjiang.

There is still some important variation. Beijing serves as a major 2015 philanthropy hub. Beijing is a net recipient of philanthropic giving among this top group of donors, receiving 15.7% of total donations in 2015. However, 87.3% of this total was given by donors with corporate headquarters outside of Beijing. At the same time, Beijing-based donors also gave generously to causes in other regions of China, with 86.5% of their giving to organizations operating outside of Beijing.

We visualize all of this data through three interactive maps. The first red “[Donation Origins](#)” map highlights the areas in which 2015 giving originates, while the yellow “[Donation Destinations](#)” map highlights the target areas of such giving. Hovering over each point reveals the underlying data. The final multicolor map, titled “[Donation Flows](#),” highlights net flows of giving in 2015, and green “flight paths” illuminate each discrete interprovincial flow. Provinces that receive giving externally and also give to other regions fall into both Origin and Destination categories, and are designated orange. For example, provinces such as Guangdong, that gives both to its own people and to other provinces yet does not receive donations from other part of China, remains red to indicate its pure Origin status.

In addition, 71% of our top 100 philanthropists in 2015 focused their giving on [one cause](#). Only one philanthropist — [Jack Ma](#) — gave to four diverse causes, including education, environment, social welfare, and disaster relief. Seven donors gave to three causes, and 21 donors supported two causes. This may be because donors often give to causes in which they have a certain expertise or knowledge, thus narrowing the range of sectors addressed. It may also be that early phases of a philanthropic sector's growth can be characterized by giving that is shaped more by personal experience — supporting the institution or cause that most impacted an individual's life. We plan to conduct international comparisons between China and philanthropic sectors in other transitional as well as developed economies to delineate the evolution of such single-cause giving.

Environment Lags Far Behind — Education is King

Despite the high degree of media coverage relating to China's air, water, and land pollution, the cause of the [environment](#) received a markedly low level of support by our top 100 philanthropists in 2015. A mere 0.9% of 2015 donations were channeled to environmental organizations or initiatives, and nearly three-quarters of this was given to the Zhejiang provincial government. Our next wave of research will engage in qualitative interview

work to understand further the ways in which donors consider the role of the local and central government in providing such public goods and services. It may be that among the high net-worth population in China, environmental outcomes are viewed as largely the responsibility of the state and not within the realm of the individual citizen. It also may be the case that collective action is particularly pernicious in this area, as we have seen in many other national contexts. The actions of an individual could be perceived as having little potential impact on air, water, and land degradation that is driven by large-scale negative externalities requiring systematic responses in improved governance. It is here that critical questions emerge regarding the perceived role of domestic philanthropy in China, and the extent to which these resources either complement or are in tension with state priorities, capabilities, and resources.

As is the case among the wealthiest of US philanthropists, top Chinese philanthropists gave most to the cause of [education](#). Fifty-nine of the 100 philanthropists covered in this project included education as one of the causes supported, and 57.5% of their total giving is channeled to the sector. In geographical terms, this support was fairly concentrated. Nearly one-half of such giving was received in two locations: Beijing received one-quarter of 2015 education donations and Chongqing received nearly one-fifth. Both of these centers of education philanthropy were highly dependent on donors with corporate headquarters outside of the target city. A hefty 92.7% of Beijing's educational support was sourced from donors whose corporations were headquartered outside of Beijing itself, while in Chongqing, 59.7% of educational giving was externally supported. From Zhang Xin's donation to Yale University in the US (only 1.19% of our 2015 total) to the much wider range of gifts to Chinese education, many donors continue to give to this sector because of the positive role educational opportunities played in their own lives. Interviews with such donors consistently highlight such motivations, often complemented by a focus on the donor's own children and furthering their opportunities educationally.

Sectorial Dominance — Real Estate

Four out of 10 top donors on our list amassed their wealth through the [real estate sector](#), with manufacturing leaders donating a lower 21.7%, technology/IT leaders donating 10.3%, donors from the energy sector giving 8.3%, donors from the consumer sector giving 7.0%, the finance sector accounting for 4.2%, education a mere 1.9%, and transportation providing 1.5% of total 2015 giving. The weight of real estate as a source of wealth among this elite group of givers is unsurprising, given the sector's role as a major driver of national economic growth in the past decade. Investment in real estate grew from about 4 percent of China's GDP in 1997 to over 15 percent of GDP in 2014. The recent softening of the real estate and manufacturing sectors may lead to a rapid drop in their respective philanthropic weight in coming years, as current industrial policy seeks to strengthen service-oriented sectors such as finance, technology/IT, and consumer products. Many may view this as a step towards the maturing of the philanthropic sector, as it would better reflect a changing national economic landscape and a healthy diversity in the national donor pool.

State of Generosity — An Index

This project sought to define generosity as a metric of giving as a percentage of the donor's publicly disclosed net worth. This is particularly difficult given the opacity of Chinese wealth holdings, complex shareholding structures, and the variety of definitions of generosity utilized in global rankings. We therefore had to restrict our "Most Generous" list to include only donors with shares of publicly listed companies, and defined net worth as a donor's ownership of publicly listed stocks that could be confirmed. Such shares were then valued at the weighted average exchange rate of the RMB to the US dollar during the period September 2014-August 2015. This approach enabled us to measure net worth with a standardized and transparent methodology, and to compare levels of giving across the donor landscape. Of course, generosity can be defined in a variety of ways, from the volunteering of one's time, to giving as a percentage of income, and many other approaches. We created two "Top 10" lists — the [first list](#) is drawn from a [generosity index](#) that ranks Wang Miaotong as our 2015 "Most Generous"

donor. Mr. Wang is the Chairman of Century Huatong Co. Ltd., an engines and automotive parts manufacturer, and his 2015 gift of RMB101 million equals 5.61% of his publicly disclosed wealth. Both of his gifts are to the Zhejiang government — one to the Shangyu county for social welfare and the other to provincial government for elderly care support initiatives. The [second “Top 10” list](#) is compiled based on absolute levels of giving, and is led in 2015 by He Xiangjian, the founder of Midea Group Co. Ltd., a nationally recognized Guangdong-based producer of household appliances. Mr. He made a significant gift of RMB400 million to both his eponymously named foundation and to his hometown Foshan government — a prefecture-level city in Guangdong province — for elderly care causes, placing him above real estate magnate Wang Jianlin’s RMB315 million to a range of charities relating to Nepalese earthquake relief, Dalian charities, the Guizhou provincial government, and Sichuan middle schools.

International Donations — Low

Perhaps most interestingly, despite the media attention towards high profile giving of Chinese philanthropists abroad, very few of the 2015 gifts in our database were international. Of the top 100 donors we identified for 2015, only three individuals chose to make major donations overseas (to Nepalese disaster relief efforts and to US higher education), while the rest focused domestically. While political pressures to give domestically may very well be on the rise in China, given the rising mobility of these philanthropists and the internationalization of their social and business networks, particularly given the current economic shifts in China, this ratio may rise in the coming years.

Professionalization of the Private Philanthropist

We are in many ways most excited by the appearance of numerous [private foundations](#) in our 2015 data, as well as the appearance of over 20 philanthropists who seem to be new to national giving rankings. Top Chinese donors are increasingly developing their own systems for professionalized philanthropy. Nearly a fifth of the donors on our 2015 list have established their own personal or family foundations as a vehicle for giving, and are actively giving through these institutions. Philanthropists such as He Xiangjian, Yang Huiyan, Ma Huateng, Li Xianyi, and many others are giving through their own foundations and exploring international best practices adapted to the Chinese legal, institutional, and political context. As this research continues, we plan to examine longitudinally how this group of donors who are active with their own foundations is either growing or shrinking over time, and whether their mission approach tends towards reinforcing the work of other foundations, “blue sky” areas that historically have not received support, or is more integrative across several philanthropic areas usually independent from one another.

Next Steps

We welcome comments on this new site and its content. We have already begun collecting 2016 data, identifying video interviews to be included, thinking through a potential “most generous corporate list,” outlining a forum for discussions relating to definitions of generosity, a voluntarism section of the site, and much more. We will also begin featuring academic work related to the issues of such a comparative history of philanthropy in China and other transitional economies, as well as the US and Europe, in an effort to provide important broader historical context for current Chinese giving. It is our hope that the site may become one of the clearinghouses of information on the changing nature of giving in China, and will complement the ground-up work on voluntarism, local giving, and other forms of generosity that our colleagues are pursuing in a range of universities in the US, Europe, and China. Most important, we hope that the individuals who are expanding the boundaries of generosity in China, the central and local governments in China seeking to provide the right regulatory environment for domestic philanthropy, as well as the critically important causes and organizations and individuals being supporting by such giving, will find this resource of some utility.