

China-US Strategic Philanthropy (CUSP) Workshop III

November 13-15, 2013

Beijing, China

SUMMARY NOTES

The third annual China-US Strategic Philanthropy (CUSP) Workshop was held in Beijing on November 13, 2013, in conjunction with the annual China Non-Public Foundation Forum. 35 Chinese and American representatives from public and private foundations, research institutes, nonprofit support organizations, donor advisory groups and social investment funds attended the workshop.

The first CUSP workshop, held at the East-West Center in Hawai'i in August 2011, resulted in the launch of the CUSP platform with Chinese and US Secretaries-General and CUSP Secretariats in Honolulu at the East-West Center (EWC) and Beijing at the China Philanthropy Research Institute (CPRI). Five working groups were established under the umbrella of the CUSP platform with focus areas of 1) transparency and accountability of the philanthropic sector, 2) nonprofit legal frameworks, 3) nonprofit capacity building, 4) social entrepreneurship and social investment and 5) capacity building for nonprofit support organizations. The second annual CUSP Workshop was held at the China Philanthropy Research Institute in Beijing, from Aug. 30-31, 2012. 24 participants from the US and 34 from China attended the workshop.

The objectives of the third annual CUSP workshop were identifying major issues and needs from the Chinese perspective, and providing networking opportunities to identify useful partnerships and next steps.

Key Findings

China's philanthropic sector experienced rapid development in 2012.

- China is in the process of revising its laws and regulations to facilitate more effective operations by foundations and nonprofit organizations. The drafting of a new Charity Law is being taken up by the People's Congress Legal Council. In 2012, Shenzhen took the lead in legislative innovation by drafting a local Charity Regulation, which provided a framework for future practice. Pilot legislation has since been drafted and tested at both the provincial and major city levels, including Beijing and Shaanxi.
- Governments have started to ease their control over the registration of nonprofits: 10 provinces have allowed direct registration of nonprofit organizations in the social service area. Central and local governments are increasingly interested in purchasing services

provided by nonprofits as a way to support the growth of the sector. However, practical challenges such as the deductibility of donations and having a registration system for the entire nonprofit sector can't be solved without a new law at the national level. Taxation, especially in the donation of stock, needs to be much clearer.

- Organizational transparency and accountability have become areas of increasing interest. Transparency Indexes created by the China Foundation Center and other leading institutions have been an important step towards the establishment of a comprehensive system for organizational transparency from the major foundations to grassroots organizations. The Internet played an important role by urging nonprofit organizations to be more transparent and accountable to donors, as well as to the general public. However, the law is unclear on the boundaries of transparency, and the public is expecting nonprofits to be “completely naked,” which could be harmful to the healthy growth of the sector. Further research is needed on how to make effective use of the big data and how much access to give the public.
- Increasing amounts of social investment are available to support the growing community of social enterprises. Instead of simply mimicking the “Western model,” 2012 witnessed some innovative experiments by China’s local social investors. Nonprofit incubators have also become a popular concept as a way to support start-up nonprofits and social enterprises. Research indicates that nationally there are already more than 25 incubators for social enterprises in China.
- Rapid expansion of the philanthropic sector demands more efforts to build organizational capacity. A number of university-based educational institutions launched capacity building courses for nonprofits in 2012. The overall training received by nonprofit staff members has reached an historic high. There are now some 40 research institutes in the philanthropic area nationwide. However, many of these courses are similar, or even duplicative, and there is not enough diversity. The sector is in desperate need of outstanding educators and trainers to address the issue of a lack of professional nonprofit staff. There is an increasing interest in professionalism, the application of knowledge and skill-building programs. More cross-sector collaboration is needed to speed up the process.

CUSP members contributed a great deal in the area of development of transparency and accountability, legal framework, promoting social innovation and capacity building for nonprofits in 2012. Expertise and best practices introduced by American partners have played an important role.

- Inspired by the index created by the Foundation Center in the US, the China Foundation Center established the first Foundation Transparency Index (FTI). A 49-variable index was introduced to measure the transparency and accountability of foundations. After a year of promotion, 805 foundations reported an improved FTI score.

- In the area of capacity building, the first EMP (Executive Master’s Program) for international philanthropy was jointly launched by CPRI and Indiana University in Beijing. In South China, Sun Yat-Sen University upgraded its research institute to the new “Center on Philanthropy” and increased investment in nonprofit training programs. Organizations such as NPI (Non Profit Incubator) are attracting talented people from the business sector to provide consulting services to newly established nonprofits and social enterprises.
- Through the introduction and facilitation of the CUSP Secretariats in the US and China, the Lao Niu Foundation has been adapting the model of children’s museums in the United States to China to promote early childhood education.
- Through collaboration between Leping Foundation and Social Venture Partners International, Leping successfully brought the Social Venture Partnership model to China in 2013. Social Venture Partners (SVP) began in Seattle in 1997 and the model has been replicated in 31 affiliate organizations, involving over 2,700 individual partners in the USA, Canada, Australia, India and Japan. SVP brings together a community of partners who make highly engaged investments of money, resources and business expertise in local nonprofit organizations with the goal of developing their capacity and making their work sustainable. SVP Beijing has so far recruited 21 members, each committed to contributing 30,000 RMB (USD\$5000) as well as their time, talent and network to a select group of nonprofit organizations. SVP plans to establish the Chengdu chapter by December 2014.
- CUSP continued to promote high-level dialogue between leading philanthropists in China and the US through events such as the May Philanthropists Dialogue in Hawai’i. Leading Chinese philanthropists NIU Gensheng and LU Dezhi both participated in that dialogue. Mr. Niu’s family spent 3 months in Hawai’i exploring areas of interest for their foundation such as eldercare, environment, early childhood education and museums.
- CUSP Updates are regularly distributed by email in both Chinese and English.

Next Steps for China – US Dialogue and Collaboration

Since the CUSP platform was established in 2010, philanthropy has been experiencing a critical period of transformation in China, the US and globally. Philanthropy can play a crucial role in addressing issues such as aging society, healthcare, citizen engagement, education, etc. CUSP is unique in that it is a single platform with multiple channels to promote philanthropy and exchanges between the two countries. As a result, top philanthropic families in China and the US are connected, and the platform will continue its effort to support long-term dialogue and collaboration among sector leaders from the two countries.

The following actions were suggested by the participants from both countries:

- Establish an East-West Philanthropists Summit that aims to be the “Davos” for the philanthropic sector. (Note: The first East-West Philanthropists Summit was held in Hawai’i in January, 2014). The CUSP workshops are positioned as opportunities for dialogue and exchange among professionals, i.e., researchers, foundation executives and non-profit leaders. The Summit will primarily target leading philanthropists.
- Guide philanthropy to be more professional; share more local case studies showing how to develop a systematic structure for capacity building; introduce capacity building experts in other sectors to philanthropic organizations.
- CUSP needs to play a bigger role since there are many things we can learn from each other. China needs to learn more from the US today. But “learn” means much more than “imitate”; it should include innovation as well. This also means that there are going to be disagreements and complications in the process.
- To bring the CUSP platform to a higher level we need to: focus; be flexible; discuss problems openly; move beyond discussion to action; and elicit greater involvement from generous philanthropists on both sides.
- China has a great opportunity to export its philanthropy to developing countries. The US wants to help China do this. CUSP is a good vehicle for promoting partnerships.
- We have shared a lot of progress on the China side and we need a stronger voice from the US side so we can learn more from each other. Members of CUSP need to be matched up and share their specific experiences and models.
- Students from both countries, but especially China, need more capacity building opportunities.