

# THINKING STRATEGICALLY ABOUT CIVIL SOCIETY ASSISTANCE IN CHINA



**Aspiring to be the leader of China's public interest and charity as well as citizen participation and societal innovation: the China Foundation for Poverty Alleviation**

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CHINA  
DEVELOPMENT  
BRIEF



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## Highlights from the interview

**Our foundation was established in 1989 as a public institution (shiyè dānwèi) under the supervision of the State Council Leading Group Office of Poverty Alleviation and Development. Ten years later our administrators started taking on a bigger role (qū xíngzhènghuà) and we were decoupled from the former public institution. We also returned the specific public institution status (shiyè biānzhì) to the government. In the following ten years we basically operated based on market and business principles. As such our foundation now incorporates both the vitality of the market as well as the management system of a company. At the same time it enjoys very close ties with different tiers of the government, including the State Council Leading Group Office of Poverty Alleviation and Development as well as the Poverty Alleviation Bureaus on various levels.**

**In terms of our project selection criteria our focus is still on poverty alleviation. This includes projects on livelihood development in poverty-stricken areas, community service provision, as well as care for vulnerable groups.**

**Our funding support consists of the three parts project funds, implementing costs and administrative management fees.**

**You can say that we as a foundation are playing the role of a steward. We provide services for a donor. We then provide a platform for supporting organisations (zhìchíxíng jīgòu). Finally we provide support for NGOs.**

**The way we understand this is to be the leader of China's public interest and charity as well as citizen participation and societal innovation. For once we will certainly do the traditional charity work. But at the same time we also promote citizen participation. Citizen participation is something we have been putting forward for a long time, the idea that everyone can get involved in public interest work.**

**On the policy level we definitively hope for progress on the legislative front. We would like to see a charity law which safeguards the legality of public interest and charity work. It should clarify how much of a right foundations or social organisations have to engage in this type of social activity. It should also outline our role and function in these social activities.**

**We are also aware of the United Way model in the United States, which has developed a global standard. They encourage corporations, volunteers and NGOs to develop together. This is also a pathway, and we may choose to go down that route.**

*This interview was conducted by Dr Andreas Fulda in Beijing, China on 24 July 2014. Wang Yi's colleague Mi Zhijing, Program Director at CFPA's Program Cooperation Department was the second interviewee.*



## Interview transcript | Wang Yi

### **Andreas Fulda (AF): Could you please introduce the background and development of the China Foundation for Poverty Alleviation?**

Wang Yi (WY): Our foundation was established in 1989 as a public institution (shiyedanwei) under the supervision of the State Council Leading Group Office of Poverty Alleviation and Development. Ten years later our administrators started taking on a bigger role (quxingzhenghua) and we were decoupled from the former public institution. We also returned the specific public institution status (shiyebianzhi) to the government. In the following ten years we basically operated based on market and business principles. As such our foundation now incorporates both the vitality of the market as well as the management system of a company. At the same time it enjoys very close ties with different tiers of the government, including the State Council Leading Group Office of Poverty Alleviation and Development as well as the Poverty Alleviation Bureaus on various levels. In terms of our project work we have undergone three development phases.

#### First phase

The first ten years mark the first phase. At that time our foundation did not quite know how to run projects. When the foundation was established China's reform and opening up process was still in its early stages. A lot of foundations were established at that time and we were no exception. Back then most of the funding came from overseas Chinese returning to China and work was carried out by retired cadres. Their posts allowed them to make good use of their seniority. When there was funding they would implement projects. They had not yet developed a continuous and developmental project model.

#### Second phase

Under the leadership of our foundation's president He Daofeng the foundation underwent reforms and entered the second phase. This was in fact the time when we developed our skills and started designing our own projects. Let me give you two examples. Back then we had two projects, one of which was supported by the World Bank. In the Qin Ma mountain region they supported an experimental microcredit project. These days we are the public interest organisation in China which provides the most microcredit. Moreover, a couple of years ago we established CFPA Microfinance which specializes in microcredit projects. In 2013 the overall credit amounted to 2.1 billion RMB. Another project at that time, the Maternal and Infant Health Project, corresponded with the health situation of women and their children in the South-Western mountainous and poverty-stricken regions. These kinds of projects basically relied on business donations or relied on matching funds from the government. So in terms of the project design and project implementation, we often said that we were the governments' effective supplement. The Maternal and Infant Health Project was very typical of these sort of project. At that time in the western part of China serious problems existed in terms of hospital delivery. A lot of mothers which could not afford to see a doctor died at home. Our project and a project of the Ministry of Health were initiated in Yunnan at the same time. Ten years later and through the efforts of our public interest organisation and by accumulating data the Ministry of Health issued a policy for free hospital delivery in Mid- and West-China. For us as a public interest organisation to change a national policy through a public interest project and funding meant that this was one of our foundation's very important initiatives.

1997 marked the beginning of the third phase. Our foundation developed a very clear transformation strategy centered around grant making and internationalisation. This strategy was in line with China's future development trend, which is about expanding overseas. In terms of grant making this is linked with the development of the whole sector. At that time both our president, He Daofeng, as well as the whole organisation realized that even as a big foundation you still can not lead the development of the sector. The current percentage of donations in relation to overall capita in China is still very small if you compare it with the United States. If you look at the total number of donations you see that the percentage of donations by individuals is very low. In China mostly corporations donate, even state-owned enterprises. This is why we need to promote the development of the sector. We need to increase the number of people involved in public interest work. So rather than leaving this work for the foundations to do, everyone should get involved. This is what we did from 2005 until 2012. We had been doing these kinds of NGO-supported projects and altogether invested 54.22 million yuan, which is quite a substantial amount of money. That is also when we developed a mode of public interest bidding. We had a sum of money and would choose a particular area. We would then invite the public for bidding. Grassroots public interest organisations which had potential would be given grants. They became the carriers for public interest projects. Subsequently we provided training support and helped increase their overall capacity. By progressively building up and strengthening their implementing capabilities we enhanced their societal credibility as service organisations delivering public interest projects.

Third phase

In terms of our project selection criteria our focus is still on poverty alleviation. This includes projects on livelihood development in poverty-stricken areas, community service provision, as well as care for vulnerable groups. During the selection process we focus on the clarity of the project goal and the proposed project's feasibility. We then pay attention to the qualifications and implementing capacity of the organization that's implementing the project. We also audit the project implementation cycle and see whether or not the project budget is reasonable. We basically work with NGOs in our projects. We are committed to the NGOs we support and nurture their development. We share with them the experiences with them we have gained in the field of poverty alleviation during the past twenty years in terms of project management and operating skills. These are the main approaches we use to support social organizations.

Poverty alleviation

**AF: How much of your funding support is geared towards government-organised non-governmental organisations (GONGOs) in comparison to grassroots NGOs?**

WY: In terms of our project funding, we basically provide one hundred percent for grassroots NGOs.

Grassroots NGOs

**AF: Is it hard to find partners, for example in rural areas? Through what kind of mechanism do you identify your partners?**

WY: Before the Wenchuan earthquake in 2008 we had one particular kind of mode of operation. At that time there was a kind of circle of grassroots organisations. In fact these NGOs mostly relied on foreign funding. You can see this for example when

looking at what kind of organisations we supported in 2005. In 2005 we received some money from the World Bank which enabled us to support 9 projects. In 2007 we implemented projects in Jiangxi Province. The NGOs we identified and partnered with were in fact all from the circle of poverty alleviation NGOs. Before 2008 it can be said that in China we did not have so many social organisations. There were only a few organisations engaging in poverty alleviation. So we had to find partners in the given spectrum of organisations.

After the 2008 Wenchuan earthquake and after we experienced the Yushu and Lushan earthquakes—after these three earthquakes and particularly in 2008—we saw the flourishing of social organisations. From then on when we selected NGOs it was very different from our previous practice. It was very open. This process of opening up coincided with projects that we would run ourselves. After each of these disasters we worked not only with NGOs but also set up camp ourselves in the disaster area for three years. We established a post-disaster construction office. At the front line we provided disaster relief, temporary shelter, engaged in reconstruction and pre-disaster assessment, etc. In that sense you could say that we have been fighting with our comrades on the same battle field. So quite naturally we would know which of the social organisations had been working in the disaster area for a long or short time and which organisation has what kind of skills. At least until the present stage we are quite clear about this, at least in the given area.

2008

**AF: It is interesting you mention 2008 being the turning point in your work.**

WY: That's right. When we invited bids in 2013 after the Lushan earthquake many of the bidding NGOs were volunteer groups which had developed after the 2008 Wenchuan earthquake. So we could observe how they developed from these kinds of groups step-by-step into slightly more mature organisations which have their own team, strategy, project and tactics. This kind of continuation of funding was also valuable to us.

**AF: Do you provide seed funding for Chinese civil society organisations (CSOs) or do you mostly cover activity costs for projects and programmes? If you provide both, what is the funding ratio?**

Funding methods

WY: Currently we have various funding methods for supporting NGOs in mainland China. One method is called organisational support. This is non-directional support where you give money to the organisation so that it can use it to develop. The second method is talent support, something the Narada Foundation is specifically providing for leaders. Then there is another method which is the government procurement of services. As the China Foundation for Poverty Alleviation we do more classical project support which revolves around projects.

After the Wenchuan earthquake and from the 200 million RMB we received in public donations we provided 5.211 million yuan in funding support. After the Lushan earthquake in 2013 and from the 207 million RMB we received we provided 20 million in funding support. This shows how in a period of five years our funding has grown. Now you have asked how project funding is being used. Let us start talking



from our most recent model. First of all we support projects. All projects have their own budgets. For example when an organisation provides us with a one year budget for child support work in a disaster area it needs to outline how many strategic activities it plans on and how many people it needs. They need to outline their material support requirements and draw up a budget. Every project has an overall budget line and this amount of money supports them to do their project. Apart from project funds you also have implementation costs (zhixing feiyong).

Mi Zhijing (MZJ): Our funding support consists of the three parts project funds, implementing costs and administrative management fees. The implementing costs include everything that is directly related to the project, such as personnel costs, monitoring and evaluation, travel or costs related to dissemination and popularization. These are all directly related to the project. The third part includes administrative management costs. The latter are not directly related to the project and are called supportive costs, for example for an organisation's finances, administration and office supplies.

Funding support

**AF: How do you calculate the supportive costs?**

WY: In principle such administrative support should not exceed five percent of the project amount. So the project amount makes up a large proportion of the funding.

MZJ: That is right. The key is that the project amount makes up a large proportion. In terms of the implementing costs they depend on the nature of the project. As long as they are verified and considered appropriate there is no specific ratio for this type of costs.

WY: Correct. There have been some changes in this regard. According to foundation regulations the management fee for foundations should not exceed ten percent. This is also the case when we raise funds from corporations. So when you donate 10 million RMB it means that you spend 1 million RMB for the management of the donation. This was also our standard when we supported NGOs in the past. But then we realised a problem, which is that funding a portion of the foundation is much bigger. If you only provide a partner only ten percent for a 300,000 RMB project, this amount of 30,000 RMB may be not enough to cover all of their costs related to project management and implementation. This is why in 2013 we changed the management method in order to facilitate the growth of NGO organisations.

While we have loosened the restrictions somewhat, this does not mean that we have no standards. What we have done is that we no longer have very strict regulations for implementing costs. When verifying the project budget we are very strict. Let us say a partner reports that five people will work on a project. Here we will see if these five people are working full time for the project or whether they are allocated to several projects. So we still control the share of personnel and administrative costs, which currently works pretty well.

First of all, what we do is that under the umbrella of a big programme we support a lot of small grant projects. Our foundation designs the post-reconstruction projects. An example is the "NGO Cooperation Community Development Plan". This

programme was designed for three years and supported the Lushan disaster area. With the help of social development and social service provision and through the method of NGO cooperation we promoted community development.

#### Training

The second funding method is the training. Through our work with NGOs we train talented people in rural China. The last method is the incubation of rural organisations. For all of this you need to spend money. So we have these three models. The first is the provision of funds, techniques, service and dissemination by foundations and corporate donors. The second is the growth of NGOs, their projects, rural constituencies and brands. But this is not the final step, since we aim to promote community development in rural China. If we can walk down this path unobstructed we also try to influence government strategy and aim at policy change. We hope that through our efforts we change rural mindsets, grow the ecology, improve livelihoods, enhance services and help the environment. We conduct research on these various aspects. If we can align them better we can even submit some policy advocacy reports. If you take a closer look at how we are using project resources you will see that our overall project budget amounts to about sixty to seventy percent. Everything else is geared towards serving our projects.

In the first place we establish a community center in order to provide both soft and hard infrastructure. Secondly, we support workshops which help provide advice to the projects. These take place on the local level and help to connect various resources, for example during sharing sessions. The third is our “Sharing Salons” which can be used by our partners. So you may have sixteen or twenty partners who may have some experiences, who want to promote something, who want to share with others, who need some methods or funding etc. And then you have capacity building, which is mostly geared towards NGOs. We are currently discussing with some international organisations whether or not they can provide such training. Then there is third party monitoring and evaluation of our partner’s projects. Finally, you have case studies and training of talents in rural China. Taken together this is why we consider our support to be a very comprehensive support.

**AF: How do you square the circle of donorship (e.g. the definition of key criteria for the selection of civil society initiatives in China by the funder) and ownership of civil society initiatives (e.g. the steering competency of Chinese partners and their desire to pursue their own goals)?**

#### Big public interest projects

WY: First of all we provide a coherent design under a big principle, direction or objective. So for example for our big public interest projects, our overall objective is community development in the disaster areas. In terms of community development we distinguish between two parts. The first focuses on the development of people’s livelihoods. The background to this is that many social organisations have been incubated by international organisations, in particular organisations like Heifer International etc. They have their own set of means to promote the livelihoods in rural villages. They also simultaneously set up rural cooperatives and help promote changes at the community level. And then there are other social organisations which may not have these particular skills. They are better at providing care for the elderly or providing education for rural children. So when we see these two big activity areas we



would invite project bids in these two areas. When looking at these bids we realised something very interesting. Similar sheep raising or beekeeping projects are actually quite different in terms of their contents and methods. But the key is that their overall objective is aligned with ours and that their key methods are the same as ours. These kinds of projects we accept. There can also be projects which have laudable goals, but their methods are too different from ours. In such cases we ask them to reapply next time or we observe them for a while, and the next time we support them.

A mutually agreed NGO objective, combined with our selection standards as well as feasibility principles, form the foundation of cooperation. I often say that you need to want to do the project and I need to also want to do that project. If only one of us wants to do the project there might be no way for us to come together. So we need to understand each other. We need to respect our NGO partners' project designs, direction and implementation methods. Meanwhile we need to assist them in increasing their capacities. While we need to make sure that they achieve their objectives we should also explore new poverty alleviation methods as well as cooperation models among social organisations. For example in terms of elderly care, our foundation may not developed such projects in rural parts, whereas an NGO may have been active in this area much earlier on. In such cases our support is not just the provision of funds but also a form of learning. And then it is also a form of joint exploration.

**AF: Do you prefer a particular type of partnership model over another, e.g. a single-entry partnership model of a maximum of two organisations over a multi-entry partnership model of two or more partners?**

WY: We are currently more inclined to support multiple partners. Of course the management costs of such multiple partnerships are higher and they are more difficult to manage. There are also some risks involved. I know that a lot of international organisations get deeply involved in the planning stage of a project. In this preparation stage they painstakingly care but may in the end decide to go for a single partnership.

Multiple partners

But for us we do not only want to deliver a good project. What is more important is that we bring in more social organisations to participate in this kind of work. This is our key objective, which is why we still prefer multiple partners. Of course you also need to take into account the aspirations and influence of donors. For example we had a corporate donor which in China is a leader in societal innovation. With their kind of broad support and approval we can work very well.

**AF: Is it because the former approach focuses more on sustainable development whereas the latter is more geared towards attaining outcomes and impacts? Do you pay special attention to the capabilities of prospective implementing organisations in your selection process?**

WY: In the case of the first approach we emphasize process and outputs and the formation of standards. We also care how we can add value for our NGO partners. The focus here is more on the external environment. Even if a project was a failure a

partner may have increased their capacity, and this kind of capacity increase can be evaluated. In such cases we still consider the project to be successful. If we are talking about the second approach we pay more attention to the internal environment. In this case we need to pay more attention to the project contents. We are currently in the process of identifying these different approaches. This will help us in our communications with corporations. Of course this also an experimental process of trying out new things. We will see to what extent they will understand these differences.

Role of CFPA

You can say that we as a foundation are playing the role of a steward. We provide services for a donor. We then provide a platform for supporting organisations (zhichixing jigou). Finally we provide support for NGOs. For the donor they do not only provide funds but also their wisdom. They also promote their brands. In terms of the supporting organisations they all have something that they are good at. Between the two we play the role of a steward and coordinator. This kind of service provision and coordination work can be quite a lot of work. For example you need to coordinate the work of implementing NGOs every month, produce monitoring reports and study the report's contents. You also need to organise meetings, publish monthly bulletins. As an intermediary we are thus very familiar with the work of the various organisations.

Corporate donors

Why do we want to get the support of corporate donors and other domestic foundations? Our current funding all comes from disaster area reconstruction funds. As you know disaster reconstruction is limited by time. So for example the in case of Wenchuan, the saying went three years reconstruction, two years completion. When the overall reconstruction is finished you can say that the project will go on and on. This is why a lot of NGOs have come up with suggestions. They hope that we can increase the scope of funding to include areas outside the disaster area. Secondly, they hope that the funding periods can be prolonged. This is currently quite difficult for us. But there have also been some breakthroughs. When we received funding after the Lushan earthquake it was the first time that corporate donors would provide funding for NGO cooperation to public fundraising foundations (gongmu jijinhui).

**AF: I have heard that after the Yushu earthquake the government asked public interest organisations to give the donated money to the government. I was told that the China Foundation for Poverty Alleviation quite courageously stood up and refused to do so.**

Yushu earthquake

WY: That is not really the case. This was because the region where the Yushu earthquake happened is quite special. It inhabits a lot of minorities. It is also a high altitude alpine region. So for many social organisations, especially the smaller ones, implementing projects there would be quite difficult. So the government came up with this idea. That time not only the China Foundation for Poverty Alleviation but also many other foundations jointly took the initiative and suggested to work with the government but to continue to manage the funds themselves. Based on this pledge our foundation set up camp in Yushu for three years. We later became the only social organisation which still has not left and who is working to complete the projects. I would like to emphasize that the Lushan earthquake was a historical breakthrough for the development of China's public interest sector. The Ministry of Civil Affairs

changed their criteria for donations and no longer issued documents about who could or could not participate.

**AF: Does your foundation have an organisational view of Chinese civil society? If yes, how would you describe it? If not, who is framing the discourse about China's civil society in your foundation and how?**

WY: The way we understand this is to be the leader of China's public interest and charity as well as citizen participation and societal innovation. For once we will certainly do the traditional charity work. But at the same time we also promote citizen participation. Citizen participation is something we have been putting forward for a long time, the idea that everyone can get involved in public interest work. We have also designed citizen participation projects where people can donate 1 RMB, 10 RMB, or even more. We also engage in societal innovation. Social innovation is basically social governance, the type of innovation brought about by societal forces. We hope to become a leader in all three areas. In 2009 and after the Wenchuan earthquake our President He addressed the issue you are so interested in during a publicly delivered report. He emphasized that the development of China's civil society differs from the West, since in the West this had much to do with the accumulation of wealth and the mature function of markets. China's civil society development on the other hand is marked by a stronger involvement of the government. Given the different backgrounds it is quite possible that we will walk different paths. As our president said, China's civil society approaches will inevitably lead to a completely different route from the conventional path of civil society development.

Civil society

**AF: How does your organisation pick up signals about changes in China? How much do news reports, academic journal articles and project progress reports inform your colleagues' thinking?**

WY: Since our organisation is quite open we have ample exchange and communication with media and academic organisations. In terms of academics we have many interactions with Professor Deng Guosheng from the Tsinghua University or Professor Kang Xiaoguang from Renmin University. In terms of the media we have some exchanges with the Peace China Foundation (Anping Gonggong Chuanbo Gongyi Jijin). Our leaders also observe the changes occurring in China. We also gather information in our work. This is how we observe the changes in China and how they relate to the work in our sector.

Media and a  
academia

**AF: Where do you see Chinese civil society in five to ten years?**

WY: If we want to talk about the future we can also look at the past, for example you can look at the changes during the past five to ten years. During the past ten years we have seen the development of private foundations, which have considerably contributed to the development of social organisations. I am talking about private foundations like the Narada Foundation and the SEE Foundation. The development of these private foundations is due to the greater space for donations and also due to the accumulation of private wealth. They have promoted the growth of social organisations. When you look at the past five years we need to talk again about social organisations. After the various disasters a lot of young people have found a cause to

Future

engage with. In terms of our historical development we have been making some steps forward. In 2012 the 18th Party Congress proposed to stimulate the vitality of social organisations. There have been also some policy changes. For example in many localities they no longer require you to register with a sponsoring organisation (zhuguan danwei). This is a good policy change that will allow more interested individuals and groups to engage in this sector. Also the government has started to procure services. In this area they are still exploring. I think that in this process of exploration there will be no change in the historical direction. Instead we will see a more standardized and large-scale development. But in the process of moving forward there will be twists and turns and the process will not always be smooth. This is because there is not yet a very mature path or very mature model to follow, unlike in the United States where such a mature path already exists. But I think that in the next five to ten years these models will gradually be developed and perfected. You will see that China will come up with its own United Way model where foundations, the government and civil society organisations cooperate. This is something we could already observe during the various disasters, where the cooperation model developed from chaos to order. So when these things happen again in the future, this will further promote the development of this type of integrated social governance.

**AF: That is very interesting. So in this process of change, what kind of specific changes does your foundation hope to see on the individual, societal and policy level? What are the changes you would like to bring about with your series of projects? For example on the individual, organisational, community and societal and policy level?**

Policy level

WY: On the policy level we definitively hope for progress on the legislative front. We would like to see a charity law which safeguards the legality of public interest and charity work. It should clarify how much of a right foundations or social organisations have to engage in this type of social activity. It should also outline our role and function in these social activities. This is one thing. We hope that it can guarantee our rights and position and allow us to participate in an even more legitimate way. This kind of law can also standardize our conduct. This law should also deal with taxation and the ins and outs of this sector. So these are our hopes for progressive legislation. We also hope that the government procurement can become increasingly standardized and increasingly open and transparent. On the societal level we are basically talking about our sector. When you speak about society here, we distinguish between our sector and the public. We hope that our sector will increase its self-discipline and cooperation. It needs to first increase its self-discipline and secondly strengthen cooperation. Through self-discipline, capacity building and project cooperation it should promote an increased societal awareness for our work. What should not happen is that there are scandals today and scandals tomorrow. They only undermine the credibility of the whole sector. Only through more self-discipline will society change their view of us.

Organisational level

On the organisational level, for example on the level of our organisation, we have already come up with our fundraising and grant-making strategies. We hope that we as an organisation can clarify our strategy of supporting social organisations and the corresponding theoretical system. Just like you asked in the beginning: How do you support NGOs? How do you spend your money? Why do you do things the way you

do? By doing the things you do what kind of benefits do you bring to other organisations? Or to put it differently, how do you enable other organisations to develop opportunities in the future? We are constantly working very hard as implementers. But we hope that we can align our work more with our strategies. Of course in this process we hope to partner with more international organisations, since international organisations have very their proven experiences. At the same time we want to enhance our own organisational capabilities so that when we are engaging in the joint development of society we are optimizing our organisation's cooperation with NGOs.

On the individual level we hope that our organisation takes practice as the starting point and then engages in continuous learning, continuous summaries and exploration. This is because the type of organisation we are is constantly engaging in a process of exploration and is learning from practice. This is why we hope that the NGOs which are funded by us can receive support from corporate donors and foundations. Only this way do we have the ability to constantly engage in practice. That is actually quite simple. If no one donates money, we can not practice. We hope to continuously practice and learn.

Individual level

**AF: This relates to the issue of sustainability.**

WY: That is right. In terms of sustainable development this is an issue what we are currently facing. As a public fundraising foundation we are different from the non-public fundraising foundations. For a public fundraising foundation a lot of funds originate from corporate donors. So if we want to achieve sustainable development we need to educate corporate donors and make sure that they agree with our way of doing things.

**AF: The next question is related to the issue of goal setting. How do you know that the goals you are setting are feasible and attainable?**

WY: We set objectives in broad terms. We have three objectives. For example in terms of project support this systematic support is geared towards NGOs, the upgrading and development of regions as well as community projects. We achieve this overall goal through the realisation of the goals of our partners. These objectives are set by the partners themselves. As long as they are experienced they should be able to meet their objectives.

Objectives

Secondly we engage with rural communities through our partners and locally train talents within social organisations. This is a slightly more demanding objective, but we have our own strategy and means to achieve it. The last and our most demanding objective is the incubation of rural organisations. The way it works is that we enter the disaster areas and NGOs follow suit. But this is not where it ends, since our ultimate goal is change in rural parts of China. Our most demanding objective is that the rural communities incubate their own organisations, be they cooperatives, social worker organisations, interest groups or elderly care associations. So when we as the foundation retreat after three years, when the NGOs leave, we ensure the ongoing vitality of the rural areas. The less demanding our objectives are the easier they are to realise, the more demanding our objectives are the more challenging it becomes.

**AF: The way I see it you are trying to achieve community self-governance. This is a very good ideal.**

WY: So when we put this in percentages, in terms of our project support for this aspect we hope to achieve about 70%-80% of the objective. This allows for a certain amount of failure. For example if within a sheep raising project the sheep suddenly die it could be that there is nothing we can do about it. Within our conventional projects we try to achieve 70%-80% of the objectives. In terms of talent cultivation the key is to find people, to nurture their talents and the process of accompanying them. If we can support five people this may already be quite ideal. When it comes to the incubation of community organisations I would already find it quite ideal if in the end one or two of them would stay on in the rural area after the project finishes. So we are not blindly optimistic when we set our objectives.

**AF: What conclusions do you draw when you realise that the anticipated change has not been achieved by the civil society initiative supported by your organisation? It may very well be that after three years you have not been able to promote the growth of a single social organisation. It could be that the people you trained all leave. While you have increased their individual capacities they think it is too hard to work in the countryside. So they may leave to work in the cities to find a better job. How would you respond to this? Do you accept failure?**

WY: We can accept failure. Since we are providing grants we know that there are implementation risks. We anticipate such risks early on. In order to minimise risks we actually set goals on various levels. For example the smooth operation of a project is our minimal goal. It could be that the project can not be implemented due to natural disaster, some human factors, disrupted funding or because there were flaws in the project design. Secondly, based on the pre-condition that the project runs smoothly we are seeking to realise the objectives. So for example in the context of a beekeeping project it is easy measure how many boxes of bees you have after two years. Our intention is to help farmers with their income, followed by the establishment of an interest group around beekeeping. This is how we try to realise the objective. Thirdly, projects tend to have an influence on the creation and fluctuation of social capital. Once everyone is engaging in beekeeping and you have these NGOs from outside establishing cooperative relations with them you need to see if such cooperation is run by two or three individuals or whether or not everyone is benefiting. This is the hardest bit. On the condition of meeting the minimal requirements we pursue the realisation of our more demanding objectives.

So our minimal requirement is the smooth operation of a project. If in the midst of a project there are objective reasons why this project can no longer be smoothly implemented we can also put an end to it. In such a case they can apply to stop the project. It is not a problem if they demand the project to be stopped. We will respect the will of the NGO and also respect the will of the donor who provides the funding and allow the project to be stopped.

**AF: How do you assess the ability of implementing agencies to reach out to primary and secondary stakeholders?**

Risks



WY: For this we do not seek grant making organisations (zizhuxing jigou). We look for supporting organisations (zhichixing jigou). We are the ones who provide grants and we decide about the use of funds and how they should be allocated. The supporting organisations assist us to better allocate the funds. They help with fairly independent monitoring; provide consultancy services and policy research. These three types of supporting organisations provide feedback to our foundation. We act as a platform for them.

**AF: What are your requirements in terms of project and programme documentation?**

MZJ: We require resident staff to write a work log. Every organisation also has to submit monthly briefs. We also have third party monitoring and evaluation organisations. Every month they provide monitoring reports. These monitoring reports and their briefs inform what we here at the foundation call a project feedback form (jijinhui de xiangmu yuedu fankuibiao). Depending on the feedback on this form we will provide support to those organisations where we have identified problems. After providing such kind of support we will have a briefing on the main public funds or a consultation record. These documents all exist.

Documentation

WY: We also require our project partners to provide monthly reports. Our demands in terms of these reports are not very high. The real work happens here at the foundation where we analyse the data. We have monthly briefs. Every month our partners tell us about their progress and the problems they may face. So they also engage in monitoring and tell us about the problems they have identified. In the end it is us who summarise what kind of comprehensive problems a project faces and how they can be solved.

Our foundation has also cultivated a certain kind of culture. We call it “services change the sunshine” (fuwu gaibian yangguang). As you can see we emphasize service orientation. We are leading our cooperation partners. But no one can say we let them work for us. In fact we are providing services to them. The concept of service provision needs to accompany our work.

**AF: Finally let us talk about the issues of impact and sustainability. Do you require applicants to include social impact design and an evaluation strategy in their funding bids?**

WY: We do. But we do not require applicants to do this, since currently most project applicants find it very hard to come up with a very clear social impact design and evaluation. This is why we invite professional third-party organisations to help us conduct social-impact design and evaluation strategies. For some projects we have invited a team of the Beijing Normal University to analyse and compare community influence from various angles.

Social impact design and evaluation

**AF: This shows that many NGOs are not very strong when it comes to monitoring and evaluation.**

MZJ: Their own capacity to monitor and evaluate is still quite weak. Right now it seems that everyone is quite used to inviting professional third party organisations to conduct monitoring and social impact evaluation. This is also something that we need to transfer through our grants to NGOs or something we need to improve ourselves. We need to internalise these skills for our own organisation.

WY: Before we provide the grants we are often not quite sure what to include in terms of social impact or how to set the baseline. Once we have set a baseline we need a strategy which is in line with the social impact. The skills and standards of Chinese NGOs are still uneven. Some organisations which have been doing international projects and been involved in externally funded projects have accumulated these skills. But most grant-making organizations need to improve in this regard.

**AF: How do you learn both from successful and unsuccessful civil society initiatives?**

WY: Sometimes problems occur even before the project officially starts. Other problems occur during the process of cooperation. A good project needs to be community-oriented and has to engage in multi-stakeholder cooperation for community development. I talked about social capital before. First of all you need a standard and some rules. Everyone needs to understand that you are going to do things for the community, and that this is not about you doing something for me or me doing something for you.

Respect

Secondly, you need to be clear about the position and rights of the donor and recipient and respect both sides' right to speak. Regardless how you put it: since we control the funds we have a certain power. This power naturally exists. While you can not avoid it you need to manage it. So you need to ask what kind of rights the recipient has. What kind of responsibilities? What are our responsibilities? First of all it is important to give both sides the right to speak and let everyone express themselves.

Thirdly, there is the process of realising project objectives. Under the condition that the funding principle has not changed it should be possible to change the funding strategy in a flexible manner and in accordance with the project progress. It is important to strengthen the communication between donor, recipient, and supporting organisations and to ensure that the project is fair, just and open throughout. The way we conduct our projects right now, we usually ask the partners to provide a project proposal. Only after we have approved it do we go to the community. Maybe in the future our partners should jointly apply with communities. If you successfully mobilise the community in the very beginning you may stand a better chance of a successful project later on. And if there are things that are beyond your control, this raises the question whether or not you allow the partners to make changes to the project. As long as your underlying principles do not change, and there are no changes to the overall direction and your project goal has not changed I think that we should be flexible. Otherwise many things can not be done.

Fourthly, it is important to establish a good management and dialogue mechanism. It is important to explore the standards and specification of a project without being too

rigid. When you research standards and specifications of a given project you could easily become too rigid. If you always expect yourself and your partners to reach one hundred percent, if you manage this way, you may create some form of rigidity. So what we want to do is to explore some form of standard specifications, rather than being too rigid. This will allow the project to remain its innovation capability. Because once you have come up with your standards you get the problem how of to ensure the project's ability to innovate.

**AF: My last question is how you ensure the sustainability of successful civil society initiatives?**

WY: We have been thinking about this from the very beginning of our work. In the past two years we have established a theoretical system and standards for the China Foundation for Poverty Alleviation as a grant-making organisation. In terms of our standards we have emulated how some international organisations have been raising funds for other organisations. Following this we have been advocating our ideas to the government, members of the public and corporate donors. Right now when you engage with these stakeholders and you do not have a clear standard, you will have a hard time explaining what this is all about. Many corporations are still stuck in this hard infrastructure mindset. So we will still have some convincing work to do and show that there is a need for a more diversified sector. We also need to show them that cooperating with us is important and meaningful to promote social development. This is how our foundation currently operates. We are also aware of the United Way model in the United States, which has developed a global standard. They encourage corporations, volunteers and NGOs to develop together. This is also a pathway, and we may choose to go down that route. ■

Sustainability