Ensuring that children have an equal opportunity and are not marginalized, regardless whether it is because of a disease, their status, their family, their body or their IQ.

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This interview was conducted by Dr Andreas Fulda as part of a research project commissioned by Geneva Global. It is published by China Development Brief and Geneva Global. Geneva Global is an innovative social enterprise that works with clients to maximize the performance of their global philanthropic and social impact initiatives. The interview reflects the independent opinion of the interviewee and does not represent the views of the publishers.

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We are a grant-making foundation (zizhuxing jijinhui). We have been supporting innovative public interest projects of civic public interest organisations in order to help specific groups of children. In terms of selecting projects and organisations we have about six criteria. They include the project’s level of innovation, whether or not a project is open and transparent, the implementing capability of the prospective project organisation, as well as its likely social impact. It also includes whether or not it has an oversight mechanism. For all these criteria we have specific explanations for why we chose a project. We give scores for project applications. As we are engaging in children’s work we look for projects which deal with children.

Ninety percent of our funding goes to grassroots NGOs. They have no government background. Maybe ten percent have a government background. When we started providing grants in China, grassroots-level organisations were very weak. Their implementing capabilities were lacking. This is why we initially supported some government agencies or organisations with a government background doing public interest projects. But in the past two years the power of the grassroots has increased. This is why in the past two years we have almost not supported any public interest organisation with a government background.

Last year we have also started promoting the Children’s United Way Programme, which is a bit similar to the United Way in the United States. United Way helps to raise funds for civic public interest organisations. Only public foundations like us are licensed to do public fundraising. I think that this restriction is unreasonable. This is why we are now promoting the United Way Programme. So if an organisation wants to organise an activity and has to raise funds for it but can not do this themselves, they can partner with us. We thus act as their supporting unit, which solves their problem of not being licensed to raise funds. Once we raise funds we use all of these funds to support their projects.

We have an internal statistic which we are very proud of. Last year the personal donations made up 54% of all of our donations. Do you know the average percentage of people donating in China? In China about 10% of the people donate. Company donations make up about 70%. If you look at the statistics in the United States you will see that about 70% of the people donate and that 10% of the total figure comes from companies. We feel that our foundation is very grounded. We are very close to grassroots-level NGOs and the public.
Interview transcript | Liu Jingtao

Andreas Fulda (AF): My first question is related to your philanthropic approach. What are your key criteria for the selection of civil society initiatives in China? To what extent do you consider the Chinese government’s position on civil society initiatives when reviewing your project proposals?

Liu Jingtao (LJT): That is a good question. Let me first talk about how we as a foundation provide funding. First of all we are a grant-making foundation (zizhuxing jijinhui). I am sure you are aware that most foundations in China are self-operating (yunzuoxing jijinhui). This means that the latter type of foundations implement specific projects. So for example the Project Hope foundation is building schools. They also support the Care Package project, which provides clothing for children. In the case of our foundation we have been saying from the very beginning that we will be a grant-making foundation. So from the very beginning we have been providing grants. We have been supporting innovative public interest projects of civic public interest organisations in order to help specific groups of children. So in most cases we have been fundraising, followed by the selection of good projects and organisations. This is how our foundation operates.

In terms of selecting projects and organisations we have about six criteria. They include the project’s level of innovation, whether or not a project is open and transparent, the implementing capability of the prospective project organisation, as well as its likely social impact. It also includes whether or not it has an oversight mechanism. For all these criteria we have specific explanations for why we chose a project. We give scores for project applications. As we are engaging in children’s work we look for projects which deal with children. The reason for this is that first of all we consider children a vulnerable group. Secondly, in China you have regions of poverty and marginalized urban places, for example in terms of the children of migrant workers, where we see the most vulnerable people. This is why we have chosen to work for this group of people.

Until now we have supported different types of projects of about three hundred civic public interest organisations in the fields of education, psychological counseling, environmental protection and community activities. We have also supported some disease prevention projects that relate to the well-being and education of children. Our projects are very diverse. In terms of the last part of your question about our position on the projects and the government’s position on projects, I think that there is no fundamental difference between our project choices and the government’s standpoint. At least I can not see much of a difference. This is because the projects we choose are helping children; they are projects for a vulnerable group that people in society think should be helped.

Of course when we make our choices we pay attention to some particularities, for example we hope that through a specific project and its implementation a specific societal problem can be solved. As such it is a kind of explorative work. Through this process of exploration we hope that a project can come up with a way of solving the specific problem, for example the education of children of migrant workers.
We support a few projects aimed at the education of migrant workers’ children. In these projects we try to explore new ways. For example we encourage teachers to provide extra-curricular activities for children. Or we let volunteers look after children on weekends, when the parents can not take care of them. This way they can assist the healthy growth of these children. All of this helps children to establish the confidence to enter society. We hope that through our projects, through the implementation of our projects we can come up with some good practices. Or we can influence the policies of the government. This is what we pay attention to when selecting our projects.

AF: You just mentioned three hundred civic public interest organisations. How much of your funding support is geared towards government-organised non-governmental organisations (GONGOs) in comparison to grassroots NGOs?

LJT: Ninety percent of our funding goes to grassroots NGOs. They have no government background. Maybe ten percent have a government background. When we started providing grants in China, grassroots-level organisations were very weak. Their implementing capabilities were lacking. This is why we initially supported some government agencies or organisations with a government background doing public interest projects. But in the past two years the power of the grassroots has increased. This is why in the past two years we have almost not supported any public interest organisation with a government background.

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? I am asking this question because I am aware that there exist some differences in China in comparison with other countries.

LJT: In the past the majority of our funding was for project activities. We almost allocated no seed funding for the organisations. What we did is that within the project expenses we allocated a portion for administrative costs or subsidies for staff members. So all of our projects followed this format. In the beginning we felt that the public would not understand this. As a private foundation we wanted to avoid any suspicion from the public. This is why we only provided project funding. We have now also started to transform our way of doing things. In which ways are we transforming? We are now providing capacity building. Last year we have also started promoting the Children’s United Way Programme, which is a bit similar to the United Way in the United States. United Way helps to raise funds for civic public interest organisations. I am sure that you are aware that in China the majority of organisations are not licensed to raise funds. Only public foundations like us are licensed to do public fundraising. I think that this restriction is unreasonable. This is why we are now promoting the United Way Programme. So if an organisation wants to organise an activity and has to raise funds for it but can not do this themselves, they can partner with us. We thus act as their supporting unit, which solves their problem of not being licensed to raise funds. Once we raise funds we use all of these funds to support their projects. This way we raise funds from the public. This is different from the past when
the majority of the NGOs were raising funds from foundations, companies or the government. This led to a situation where their impact on society was very negligible, more like a one-way street. This meant that they only needed to provide a project report and that was it. Now that we are starting to raise funds from the public you need to solve a couple of problems. First of all, your projects need to be very professional since people are watching you. Secondly, the transparency needs to be high. Otherwise nobody is going to donate to you. Thirdly, the effect is that in this process the project group’s skills, including financial skills are gradually improving.

We have realized that by helping to raise funds for organisations and providing training to them we have massively increased their organisational capacity and their impact on the public. We currently do not give the funds directly to the NGOs. Instead through all sorts of programmes and platform services (pingtai fuwu) they can recover costs. This way we have helped them in an indirect way. What we will do in the future is that with all organisations participating in our United Way Programme we will chose those with the best projects, which are transparent, innovative and impactful. We will incentivize them. How will we incentivize them? Through seed funding. By giving them an incentive fund we provide support for their organisation. They can spend it on project activities, but they can also allocate it for administrative costs or subsidies for their staff. They can come up with their own plans for this. As such I feel that there is a change happening in our way of thinking. This is also a change to the way of thinking in the whole of China’s public interest sector.

AF: In your answer you touched upon the issue of cooperation. 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)?

LJT: Until now we are basically respecting the project plans of our cooperation partners. We do not meddle in their affairs and tell them how to do things. As long as a project fits into our overall direction and meets our criteria we are willing to provide funds or all other kinds of support. As such we concentrate on our role as funder and try not to interfere too much on the project side.

AF: I would like to ask you a related question. 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?

LJT: Until now we have not provided funds in multi-entry partnerships. On the one hand it is more convenient that way. It is easier if you only have one funder. If you have more than one funder it may be difficult to coordinate the different interests and different ways of working. Of course we are aware that in many projects that we support our partners also receive support from other foundations. But in case we support them, the project may be conducted in one county, whereas the other foundation supports project work in another county. So there will be differences in the localities or contents of the projects. This prevents that there is a mix-up of our project and the projects supported by other foundations.
AF: How do you assess ability of implementing organisations, for example of Chinese civil society organisations? When you consign a project to a grassroots NGO they may not have such a big network or contacts to begin with and may not be able to achieve big impacts. How do you assess your cooperation partners?

LJT: This also causes some headaches for us. In the early stages of our grant making we saw that many projects were not very successful. In the beginning we may have not been familiar enough with the projects or we could not assess the ability of the project groups. This led to a situation where projects spent their money but did not achieve outcomes. We have a third party which helps us evaluate projects. I really hope that there will be an organisation in China which will be able to combine all these evaluations in one place. This would really help us before we provide grants. Just like when you go online on Taobao or Amazon and buy goods you can see how other customers have rated the product or the company. You can see the scores and feedback. Such a system would help us make choices in our grant making.

AF: Do you 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 organisation and how?

LJT: First of all, when we talk about civil society, we do not use this term. Everyone has a different understanding of what it means. This can lead to conflicts on the conceptual level. Of course we are aware that in the West a lot of people talk about civil society. In present-day China, but also for some time now, this has been a sensitive term. This is why we usually say that everyone should have equal rights. We hope that especially in terms of civil society or a better society that everyone will obtain an equal opportunity to develop.

In our work with children we ensure that we start with children and ensure that they have an equal opportunity. They should not be marginalized, regardless whether it is because of a disease, their status, their family, their body or their IQ. So the civil society we envisage or the goal that we want to accomplish is to let more and more people participate in public interest work. Especially in China, very few people participate in public interest work. They do not understand public interest work and the social organisations in China. A lot of people make a name by critiquing them, yet we would like them to participate in public interest work.

When everyone is pursuing a more equal society and everyone is participating in public interest work they participate not just because they have sympathy for vulnerable groups. They participate also for their own rights and interests. If you engage in environmental protection you do not only help the children of your community but also your own children. So in this sense you are also protecting your own rights and interests. Once everyone protects their rights and interests we would consider this a civil society. When everyone participates to protect vulnerable groups in society we may experience that one day maybe your own relatives or your friends may be among them. So in this sense you are combining your own interests with the interests of the society. We think that this is the public interest. So through our work with children they benefit. By enabling the public to participate the participation levels...
increase and there is a greater impact. We think that this kind of civil society is in a process of constant maturation and development.

AF: In 2012 we saw a couple of cases of child abuse. Some Heads of School and teachers harassed children. Since you work with children do you see these kinds of risks? For example, when you support organisations it could happen that in the implementation process some people may harass children. Have you thought about this danger? Do you engage in some risk analysis or do you provide training? We can see reports about child abuse both inside and outside China. Once these things happen they can have a huge impact.

LJT: Honestly speaking we do not yet have such a prevention mechanism. You are reminding us of something very important. Even within China’s more established education sector there is no such mechanism. So in the public interest sector, most people are still thinking how to alleviate poverty. They have not yet thought about setting up such a system. Of course I have also seen that in some of our public interest projects these projects specifically aim at protecting the security of children. For example there are projects which aim to prevent the sexual abuse of children. These projects do exist, but there are no specific criteria for project staff members or the people that engage in such public interest work. We do not yet have a more complete system for these people.

AF: Let us talk about social development. What are your views on the development of China’s civil society and public interest sector in the next five to ten years?

LJT: You should ask Xu Yongguang this question (laughs). Do you know Xu Yongguan? In my personal opinion, and I may not be right, in the next five to ten years we will see a massive growth of non-profit organisations. More and more people will want to join public interest work. They will need to establish an organisation as a vehicle. In the beginning they may work in concert with a few other volunteers and participate in some activities. Over time they may work with more people and form a group. They then register an organisation to do this kind of work. We will see an explosive growth. This includes foundations. To my knowledge last year the number of foundations increased by about 1,000. This means that basically you see that every day a couple of foundations are coming into being in China. This kind of speed is very rapid.

My second observation is that in the next five to ten years we will see a big trend in terms of public participation in public interest work in China. In the past we saw a rather passive participation model. When there was an earthquake the government would issue a call, work units would also issue a call and people would donate money, for example 100 RMB per person. It is this kind of way, which is a passive participation model. I think that in the future we will see a lot of active participation.

We have an internal statistic which we are very proud of. Last year the personal donations made up 54% of all of our donations. Do you know the average percentage of people donating in China? In China about 10% of the people donate. Company
donations make up about 70%. If you look at the statistics in the United States you will see that about 70% of the people donate and that 10% of the total figure comes from companies. We feel that our foundation is very grounded. We are very close to grassroots-level NGOs and the public. In our work during the past two years, more and more members of the public are very enthusiastic. They are willing to participate. We think that public participation and public fundraising has a lot of potential. The fact that in the past so far people lacked trust and understanding and thus did not participate does not mean that China’s public does not care about public benefit work. This is why I think that we will see this as a major trend in the next five to ten years.

AF: Let us continue to talk about your philosophy of change. What kind of change would you like to see on the individual, organisational, societal and/or policy level?

LJT: The first change we hope to see is that the NGOs that we support can engage in public participation. We do not want them to simply do their project. Instead, they should call on the public to participate, regardless whether it is in the form of volunteering, public fundraising, or public advocacy. In the past NGOs were rather weak on these fronts. Of course this also has to do with various policy restrictions. This is also why we do our United Way Programme. It helps the NGOs to change. In this change process they realize that they become more impactful this way. So this is about the organisational change.

The second change we have always advocated for is related to our peers in other foundations. We hope that more and more people can share their resources. We especially hope that more private foundations will join the United Way Programme, work with our NGOs, help them raise funds and assist them to allocate resources. When we run our forums we call on other colleagues to do this kind of work.

From a policy level we hope that the Ministry of Civil Affairs and their department which manages the affairs of civil society organisations, including the Charity Law, which governs how foundations should run, will allow social organisations to have a license to engage in fundraising. They should simplify the procedures, and make it easier to register. In a sense this is like thirty years ago, when China engaged in market economic reforms. Our reform and opening up is the same. Back then a lot of people had concerns that when we allow people to engage in commercial activities that something bad may happen. Because in the past the government was involved in all kinds of commercial activities. Nowadays our social organisations are in the same situation. We have realized that in the past thirty years there not only have not been any major incidents, but instead China’s economy has steadily developed. Once you have a good policy, and the state manages affairs well you will see that even if some things happen, they are small things. There will always be a minority of people who cause trouble. But that is not a problem, as long we see that on the macro level everything is ok. The majority of public interest organisations are keen to see society develop in a better direction. So we hope that on this level, the policy level, that the government and its management of NGOs and social organisations can become more open. This is also something which China’s current leadership is constantly exploring and calling for. But I think that this is a process.
**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?

**LJT:** In terms of unsuccessful projects in the past we used the grant-making mechanism. Most of the time the money would be already spent. But of course if we realize half way through the project that there are problems, we could also stop it immediately. We would stop the cooperation in order to minimize the losses. Nowadays we approach this issue more from the perspective of capacity building. We use the United Way Programme to support projects. We are more flexible now. For example when we sign a contract agreement for a year and you have been doing some good work we can prolong your project contract and give you even more support. If your project is not working well we can stop the cooperation at any time or decide not to prolong the contract. We are now a bit more flexible.

**AF:** What do you consider realistic outreach goals for civil society initiatives funded by your organisation?

**LJT:** When we support a project and in the cooperation with our NGO partners we initially do not talk about big objectives, or say much about the impact. We do not tell them to work in how many counties and reach out to how many people. What is first and foremost on our mind is whether or not your project is going to help promote change for children. We look at whether you can bring about change for a child, a classroom, a whole school. So we analyze this point by point. We first look at the effectiveness of the project and whether or not it can bring about change. Only then do we try to quantify things. In terms of quantity this is something that can be solved with increased inputs and increased resources. But for our projects our theme is “small and beautiful”. Maybe the project is very small, but it is very good and practical. Such a project can be replicated and promoted elsewhere. So we usually do not require our projects to aim big. Instead we ask people how they will solve one small problem. We will then begin by first investing a small amount of funding and provide a few resources. Only if they can solve the problem we will look at bigger aims. So we are moving forward step by step. Of course it is possible that you will not achieve your objective. In such cases we will analyze the situation jointly and see what the underlying reason is. Is it a problem of project design or is the problem one of lack of communication skills? Or is it that we invested too few resources? We then jointly solve these problems.

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

**LJT:** We require a monthly project progress report. In the case of a one-year project you also need to submit a report after six months, a mid-term report. We also require a final report after the end of the project. At every step our third party evaluation organisation will also provide us with a report. Based on these two types of reports we will decide whether or not to we should continue supporting the project. So there is continuous documentation. In terms of project progress, if there are good stories or news, we require our partners to send them to us in a timely fashion. This way we can inform the media and public about the progress of the projects.
AF: Do you require applicants to include social impact design and an evaluation strategy in their funding bids? If yes, can you provide specific examples?

LJT: I have to say that the majority of grassroots NGOs do not have an evaluation system. First of all they do not have this kind of skills. They may have the group of people which can implement a project well, but they usually do not spend much time to evaluate their work. Those who do are a minority. They may have existed for a long time and have the capacity to learn quickly. They have a way and thus do this kind of evaluation. So currently we see that for a majority of Chinese NGOs evaluation is a blank sheet. They are still in the stage of applying for funding and making sure that they implement the project quickly. Once the project is implemented they ask the funder to evaluate and see whether it is good or not. It is quite rare that they evaluate the project themselves. But as I said, there is a minority which has been doing this work for quite a while who are able to do these kind of evaluations. They can present themselves and let the funder see that their work has had some outcomes. Organisations which have this kind of evaluation capacity will be seen by more people, and funders will pay more attention to them. They will also get more funding support.

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

LJT: In terms of successful initiatives it is usually because of the project groups. When we decide on grants we pay most attention to the group and their project. Actually a lot of people can design these types of projects. For example there is a project which someone can design. Another organisation can also design it. But the capacity of a project group you can not design. It actually exists. So in the grant making process we pay a lot of attention to whether or not the group is reliable, whether its team members are reliable. If they are we will support them. Even if the project is not so successful in the beginning we trust that the group will do all necessary changes to turn the project into a successful one. So the groups behind projects are very important. The second success factor is public participation, something I spoke about earlier. A good project design allows for public participation. These kinds of projects are usually more successful. If the project is only done by the few people who are implementing them, these kinds of projects are usually not very successful. Even if you implement your project well such projects only have a limited impact on people. So the two things you need are a good project group with a project design that allows more people to participate. This is what we consider a very good project. Such projects often can even influence policy.

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

LJT: This is currently our weak spot, just like it is a weak spot in the development of China’s public interest sector. For a majority of NGOs it is all about guerilla warfare. If I can get this project, and there is funding available, I will then do this project. If next year nobody pays attention to this and there is no funding available I will do another project. So if this year education is the hot topic and next year it is all about
about psychology and the year thereafter it is all about disaster relief, I will see what
the hot topic is, and do work in this field. This is how you get problems with
sustainability. So when we select projects we will always see whether or not the project
design has potential for sustainability. The second thing we look at is the capacity of
the project group. We see whether or not they have been always doing this kind of
projects. This is how we look at projects.

The second aspect is how we think about our own sustainability. Is our current work
sustainable? This also involves our grant making. We have supported a lot of
organisations by providing project funds. How can we ensure that we can continuously
support them? It is also a problem if the public does not understand our work. They
may not give us money to continue providing grants. This is also why we have started
to promote the United Way Programme and to do capacity building. This way we
provide our resources and platform and ensure the sustainable development of
projects. We also help with fundraising, which in a kind of invisible way becomes the
sustainability of the project. In this process, the public learns about more projects.
They also develop a connection with us and develop trust. This way they are willing to
donate money to us, which in turn allows us to support projects. These are some of
our experiences and thoughts about sustainable development.