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Nonprofit Industry Trends

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Report: Trends in the Nonprofit Industry in China

The nonprofit industry continues to increase the scope and variety of services it offers to citizens in India, China, and America. Yet, due to public policy, cultural variation, and perceived human need, different sub-sectors dominate in each country and within regions of each country.

In this report we briefly analyze the nonprofit sector in China in terms of: roles, nonprofit subsector division, overall strengths, and potential short-term future trends. While data on nonprofits in China is incomplete due to the abundance of unregulated nonprofits, we assume that the available data sufficiently indicates general trends.

Roles Definition

Nonprofit expert Dr. Dennis Young suggests that nonprofits generally serve one of three functions, or roles: supplementary, complementary, or adversarial. Supplementary nonprofits are those which provide a service that the government does not provide. When nonprofits are complementary, they provide a service in collaboration with the government. And adversarial nonprofits exist to force the government to amend its policies.

Overall, the nonprofit industries in India, China, and America are each comprised of different percentages of these roles.



China

Roles

In China, nonprofits mostly fulfill a complementary role, as the government has a large hand in most nonprofit organizations.

Under the *dual management system*, nonprofits must submit to both the central registration agency and the administrative agency who monitor many details of nonprofits' formations and operations. This makes it difficult (or impossible) for adversarial nonprofits to register with the government.

Breakdown by Sub-sector

By some estimates, in 2015 there were a total of 1.76 million nonprofit organizations in China, making China's nonprofit sector the world's largest.

China's largest subsector is education. While the majority of philanthropy in India is by individuals, it is estimated that 76% of giving in China is done by companies (foreign and domestic).

Most money flowing through the nonprofit sector in China goes into foundations (public and private). Because the government is

Fig 1.1 Size of Nonprofit Industry Between India, China, and America (in Millions)

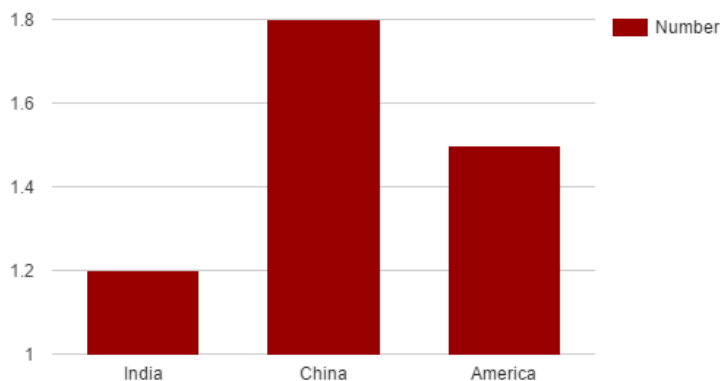
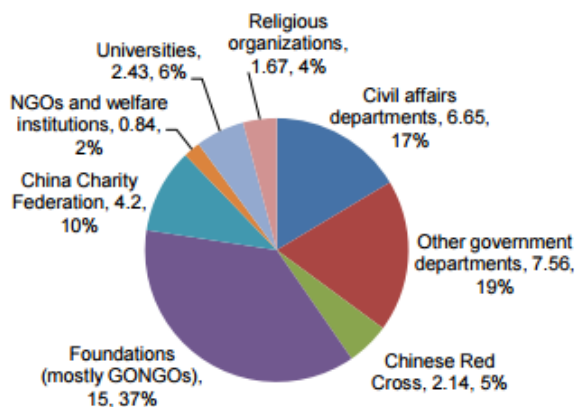


Fig 1.2 Proportion of Donations Received in China (RMB Billion %)





intricately tied to the functioning of most nonprofits, China is unique among the three nations in being largely unable to claim a 'third sector' (a common substitute word for nonprofit sector).

Strengths & Future Trends

We can expect to see China increasingly project its soft power throughout the world through organizations like the Confucius Institute, which is expanding rapidly to many countries.

Since its inception in 2003, the Confucius Institute has expanded to dozens of countries and has over 450 offices dispersed throughout the world.

Figure 1.3 shows that the concentration is in Western nations (with only one CI in India). Yet while China is intent on exporting its nonprofit to the world, it is less enthusiastic about hosting international nonprofits.

Due to new laws meant to crack down on 'security threats', the number of foreign nonprofits operating in China may retract greatly in the next few years. Still, Figure 1.4 shows that the long-term trend is an increase in the number of nonprofits in China.

Fig 1.3 Location of Confucius Institutes

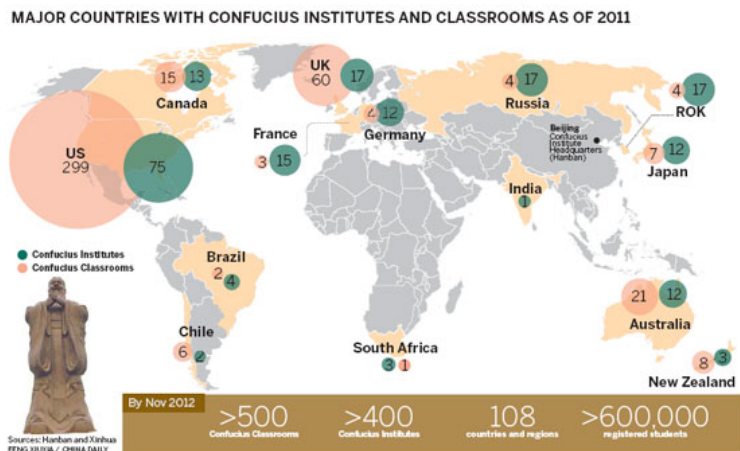
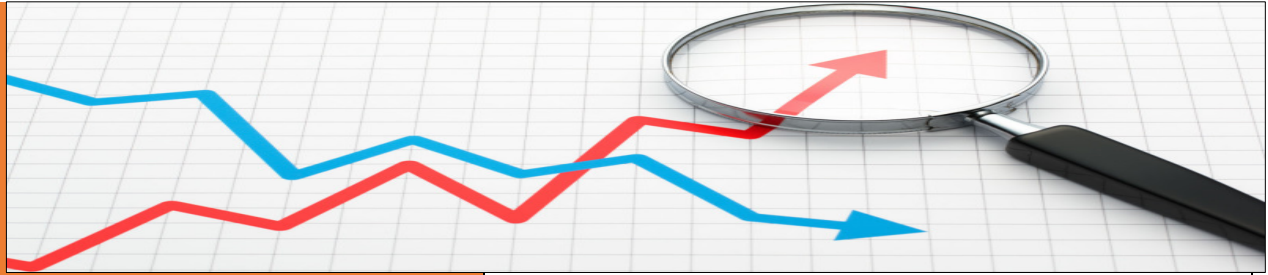


Fig 1.4 Growth of Nonprofit Industry in China from 1988 to 2010





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