



*Empowered lives.
Resilient nations.*

Internet Philanthropy in China



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No.2 Liang Ma He Nan Lu, Beijing, China 100600

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Email: registry.cn@undp.org

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UNDP CHINA

Internet Philanthropy in China

Trends in China's Charitable Landscape

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Foreword

In 2015, China committed to a global agenda for sustainable development, the Sustainable Development Goals (SDGs). Global development necessitates solutions in which governments, the private sector, NGOs, and foundations all work together in coordination. Naturally, philanthropic investment is a crucial element of this framework. In China, rapid development has aided in the growing of a middle class with a tremendous potential for private investment. These investors play a pivotal role in partnering with the government to fill investment gaps between public spending and private need. Seeing this connection, China has made great strides in 2016 to incentivize giving in order to meet poverty alleviation goals.

One major factor in the transformation of the philanthropy landscape in China is the new policies impacting NGOs and charitable organizations. In September, the Chinese government signed into law the first comprehensive legislation pertaining to these types of organizations. Under the new law, China has established the legal framework for the development of a robust environment for private investment and home grown philanthropy. In addition, domestic policy changes may also impact the way these organizations operate abroad.

Externally, Chinese philanthropists have been making a move towards developing operations abroad. It has been estimated that over 100 Chinese NGOs operate outside of the country in Southeast Asia and Africa. The active engagement and partnerships between these Chinese organizations and Chinese businesses and government agencies abroad will continue to increase their efficacy and the impact of their operations. In acknowledgment of the importance of this engagement, the UNDP has developed a platform that uses a common metric to evaluate development around the world, the Sustainable Development Goals Philanthropy Platform. Going forward, the UNDP wishes to continue to promote a healthy philanthropy sector in China by showcasing Chinese philanthropy, convening and leveraging the current work of Chinese philanthropy, and encouraging Chinese NGOs in their work abroad.

As the role of private investment becomes more important, charitable organizations have looked to digitizing their operations. This report explores the importance of the interaction between these new policies and the advent of the Digital Era in China, which has necessitated a digital solution in approaching the 17-pronged agenda of the SDGs. For example, as of June 2016, over 710 million people in China have access to the internet and this number continues to rise. This untapped source of private funding and resources could be the key in solving some of China's toughest development issues.

Though we are seeing a trend towards a healthier environment for charitable organizations in China, there is still room for continued growth. In the 2016 ranking of the World Giving Index, China ranked 138th in the world. Future development in China relies on the continued growth of charitable institutions in the country, a growth that will require the fostering of a culture of giving within China.

Development methods and functions must change with the times and must engage all members of society. Supporting the development of not only a robust philanthropic sector, but also an online environment that brings together people from all communities will aid China in its commitment to the SDGs and lead to a more equitable and prosperous future for the country.



Agi Veres

Country Director
United Nations Development Programme, China

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1. Introduction

1.1 Definition of Philanthropy Internationally and in China

This research builds upon the report published by UNDP China in 2015 entitled “Unleashing the Potential of Philanthropy in China”, which defined philanthropy as “the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes.” Typically, philanthropy has been associated with rich and powerful philanthropists. However, in this report we wish to consider the full range of activities related to the mobilization of private resources for public purposes.¹ In Chinese, this distinction is expressed by the related concepts of *cishan* (慈善) and *gongyi* (公益).

Cishan is closer in meaning to the typical understanding of the English “philanthropy”, i.e. rich individuals publicly providing material support to groups in need. On the other hand, *Gongyi* can be translated as “public welfare” or “social good”. While this can encompass *cishan*, it suggests a more equal relationship between participants, who work together to advance society. The difference between the two terms is captured effectively by the Chinese proverb: “Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.” Explicitly, to give a fish is *cishan*, while to teach to fish is *gongyi*. While these concepts have developed simultaneously in China, we suggest that the greatest potential for future growth lies in *gongyi* rather than *cishan*. Further differences between the two are summarized in the table below:

	Cishan (慈善)	Gongyi (公益)
Focus	Current problem solving	Social cause and long term impact
Objective	Aiding specific groups in need	Promoting general social welfare
Practitioners	Wealthy individual philanthropists or foundations	Open to all
Relationship between donors and beneficiaries	Unequal	Equal
Value	Humanitarian	Human rights & civil society

1.2 Comparison of Traditional Philanthropy and Internet Philanthropy

The term “Internet Philanthropy” includes a) traditional philanthropy that takes place on the Internet, and b) new forms of philanthropy that have emerged because of the Internet. In the same way that the advent of the Internet has reshaped many sectors of the economy, the Internet

1. Salamon, L. M. (2014). *New Frontiers of Philanthropy: A guide to the new tools and new actors that are reshaping global philanthropy and social investing*. New York: Oxford University Press.

has transformed philanthropy and has created new opportunities for donors, beneficiaries, and broader society.

“Internet Philanthropy” contrasts with traditional ‘offline’ philanthropy in a variety of ways:

	Traditional Philanthropy	Internet Philanthropy
Donors	Older; individuals or foundations	Younger; networked individuals
Donation	Regular grants; large donations	Varied in size and nature; can include non-financial donations; might be event- or project-based
Intermediaries	Non-governmental or non-profit organizations and foundations	Can bypass foundations or involve private partners
Beneficiaries	Personal cause; groups in need	Varied; can be individuals
Information	Limited; “one-way street”	More transparent; faster; “roundabout”

First, Internet Philanthropy donors may differ from the traditional philanthropists discussed above because the Internet empowers ordinary individuals to band together for social good. In addition to donating through networks rather than individually, Internet donors tend to be younger than traditional donors.

Second, Internet donations differ from traditional donations, which tend to be regular grants from philanthropists to a set of beneficiaries. Instead, Internet donations might include a variety of financial instruments such as loans² or online sales, as well non-financial donations— including time and skills. Online giving can be aimed at a specific project or a response to a particular event such as a natural disaster. The Internet also enables certain unique forms of participation in philanthropy, including publicizing philanthropic activities via social media and engaging in dialogue and debate.

Third, the Internet changes the role of non-governmental and non-profit organizations. For example, many fundraising functions might be delegated from organizations to private Internet companies. Donors may also seek to connect directly to recipients through online platforms.

Fourth, the beneficiaries of traditional philanthropy differ from the beneficiaries of Internet Philanthropy. Traditionally, the donor might have a personal connection with the beneficiaries, such as the case where one donates to one’s alma mater. In traditional philanthropy, beneficiaries would typically be identified as groups in need in society. In line with the aforementioned distinction between *cishan* and *gongyi*, the beneficiaries of Internet Philanthropy are more varied.

Finally, Internet Philanthropy differs from traditional philanthropy in terms of the flows of information, which were conventionally limited and restricted by the unequal relationship

2. Salamon, L.M. (2014). “New Frontiers of Philanthropy”

between donors and beneficiaries. Alternatively, Internet Philanthropy offers new channels for multidirectional communication between donors and beneficiaries, and especially from beneficiaries to donors.

In the words of Till Behnke, the founder of the nonprofit Internet platform 'betterplace.org', the Internet transforms the one-way street of traditional philanthropy into a roundabout, where philanthropists are able to participate as well as donate.³

1.3 Systems of Philanthropy

Throughout this report, we break down our discussion of philanthropy into four “systems”: the knowledge system, the giving system, the management and reporting system, and the evaluation system. This typology of philanthropy was first proposed by Buzz Schmidt.⁴ In this view, philanthropy is seen as an “ecosystem”, constituted by its component systems.

The knowledge system refers to the store of information about philanthropic gifts, policies and objectives, as well as recipient needs and expert knowledge.

The giving system refers to the network of donors and intermediaries involved in providing and managing philanthropic gifts.

The management and reporting system refers to setting objectives, tracking performance, and reporting on outcomes. Under this system we also consider the administrative needs of nonprofit organizations.

Finally, the evaluation system refers to the network of auditors and others who inform, influence, or protect philanthropists.

All of these systems interact with each other, complementing and reinforcing their various functions. The knowledge system integrates into the giving system by providing comprehensive information and transparency to both donors and beneficiaries. Likewise, the integration of knowledge, management, and evaluation systems promote the exchange of best practices and insights between organizations to ensure efficient operations as well as incentivize an ecosystem of well-informed philanthropists.

3. Making the world better à la Web 2.0 – Why the future of fundraising lies in the Internet [Press release]. (2009, December 11). Retrieved from www.betterplace.org

4. Schmidt, B. (2013, September 2). Toward a Successful Internet-Enabled Philanthropy Ecosystem. *Nonprofit Quarterly*. Retrieved from <https://nonprofitquarterly.org/>.

2. Internet Philanthropy Overseas

This section of the report considers Internet Philanthropy as it is developing outside China. For each system of philanthropy, we will a) outline current trends and b) give examples of innovative approaches in that area.

The overall trends for each system are summarized in the table below:

1. The Knowledge System	2. The Giving System
Open Transparent	More Better
3. The Management & Reporting System	4. The Evaluation System
Collaborative Participative	Comprehensive Personalised

2.1 The Knowledge System

Globally, the Internet Philanthropy knowledge system lacks coordination and consistency. A “public repository of expert opinion” is needed to make the wealth of existing information accessible and useful.⁵ We find that the knowledge system is evolving in this direction: the two key trends we identify are greater openness and greater transparency. Typical examples in this regard are listed below.

Powered By Data⁶

The Canadian initiative PoweredByData illustrates the trend towards greater openness of data. PoweredByData specializes in providing open data to funders and fundraisers. In collaboration with the Canadian government, the initiative seeks to identify barriers to data collection and publication and support nonprofits to adopt best practices in this area. For example, the organization has supported the adoption of the International Aid Transparency Initiative (IATI) Standard in Canada, which is an international technical publishing framework that allows for easy access to and comparison of data.

Glasspockets⁷

Glasspockets, an initiative of the US-based Foundation Center, exemplifies the increasing transparency of the Internet Philanthropy knowledge system. Glasspockets advocates for greater transparency. As part of this, the organization provides a customizable online comparison of

5. Schmidt, Buzz. 2013. Nonprofit Quarterly.

6. Official Site: <http://poweredbydata.org>

7. Official Site: <http://glasspockets.org>

foundations' reporting, measured against 25 indicators of transparency. Glasspockets also develops online services for nonprofit organizations to share their knowledge, adopt more transparent practices, and better utilize social and digital media.

GuideStar⁸

GuideStar (formerly Philanthropic Research, Inc) is a platform designed to create transparency in the nonprofit world. The firm has a repository of every nonprofit organization registered with the Internal Revenue Service in the United States and publishes this information to provide donors with the information needed to make informed decisions. IRS data is supplemented with self-reported profile information and other data including the organization's mission statement, financial data, programs, and governance information to provide transparency in an accessible format.

Future development of the knowledge system could take the form of enhanced coordination of reporting standards across foundations and non-profit organizations, which is in line with trends in the reporting system (Section 2.3).

2.2 The Giving System

Internationally, online giving is growing and the number of relevant actors is expanding. Therefore, the increasingly important role of intermediaries should be duly emphasized. These intermediaries range from neutral repositories of nonprofit reporting, such as JustGive, to formal donor advisory services for wealthy philanthropists and independent trust companies.

The Internet giving system is undergoing two key transformations, which can be characterized as more giving and better-informed giving. In terms of encouraging more giving, the giving system is evolving to make donations easier and more rewarding for donors.

Global online giving, like online giving in China [see Section 3.2.3 under "Platforms"] can be divided into three distinct online giving platforms, distinguished by the nature of the initiator and form of fundraising: online donation platforms, charitable crowd-funding platforms, and online charity stores. Global online donation platforms include two groups distinguished by their origin and focus. The first comprise general e-commerce platforms with charity channels, such as Facebook, second comprise independent crowd-funding platforms, such as IndieGogo and Kickstarter. Crowdfunding platforms raised a total of \$16.2 billion USD worldwide in 2014. Donation based crowdfunding was estimated at around \$2.85 billion USD in 2015.⁹ Transactions in online charity stores were worth over \$233 million USD in 2014.¹⁰

8. Official Site: <http://guidestar.org>

9. Massolution. (2015).2015 CF The Crowdfunding Industry Report. Retrieved October 15, 2016.

10. Online Giving Statistics.(2016).Retrieved from <http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1360>

Facebook¹¹

In 2015, Facebook created new features to support fundraising through its platform (currently only available to registered non-profits in the USA). Not only does this make philanthropic giving easier for Facebook's 1.65 billion monthly active users, it also fosters a culture of giving by allowing donors to publicize their donations and encourage their peers to participate.

IndieGoGo¹²

Indiegogo is a global crowdfunding platform that connects donors to projects around the world. Monthly users of the Indiegogo platform total more than 15 million and backers of Indiegogo projects come from over 220 countries. By breaking down barriers of more structured fundraising platforms, this crowdfunding vehicle seeks to give more exposure to projects by providing interfacing opportunities to a larger Internet community.

Kickstarter¹³

Like Indiegogo, Kickstarter is a crowdfunding vehicle that connects individual backers to projects that may not easily be funded through traditional investment methods. Since its founding, Kickstarter has connected 12 million investors to nearly 114,000 projects. In 2015, Kickstarter revised its charter to focus more on donations to the arts and cultural organizations.

The trend towards better giving centers on giving in a more informed and effective way. This has included increased interest in funding early stage innovative projects under the banner of “strategic philanthropy” or “impact investment”.¹⁴ As well as moving towards more and better giving, we find that there is a need for greater transparency and accountability in giving, especially for intermediaries. This will ensure that giving is effective for beneficiaries and that donors' interests are protected.

GlobalGiving¹⁵

GlobalGiving is an online platform that virtually connects donors and vetted projects through a method similar to the World Bank Development Marketplace. Through the GlobalGiving portal, nonprofits gain access to best practices exchanges and knowledge sharing while individuals gain transparency and personal connection to the projects they invest in.

2.3 The Management & Reporting System

Focusing first on the managerial aspects of Internet Philanthropy, the key trend globally has been increased efficiency through collaboration. As well as facilitating access to volunteers and

11. Official Site: <http://donations.fb.com>

12. Official Site: <https://www.indiegogo.com/>

13. Official Site: <https://www.kickstarter.com/>

14. United Nations Development Programme. (2015). Unleashing the Potential of Philanthropy in China.

15. Official Site: <https://www.globalgiving.org/>

other staff, Internet Philanthropy has enabled nonprofit organizations to pool their management resources, sharing the costs of administration, accounting, human resources, and so forth.

TidesCanada¹⁶

Since 2000 TidesCanada has provided a platform for Canadian social initiatives to pool management resources. It has supported nearly forty initiatives. These organizations receive support for: management and operations; tax and financial compliance; hiring and onboarding processes; and grant proposals, tracking, and reporting. The platform also provides benefits from collaboration between fellow projects, a proven reputation among funders, and an established network.

Turning to reporting, there is currently a lack of consistency in the reporting standards between organizations. Nonprofit organizations must work together to ensure consistent and easily accessible reporting. Foundations can also encourage this through the adoption of common grant applications.

Charting Impact¹⁷

The Charting Impact initiative illustrates the potential for improvement in this system. Created by several charitable organizations and funds in the USA, it advocates for reports to be based on a standard set of questions. If successfully adopted, the initiative would be an important step towards thorough and consistent reporting practices across the sector.

A second trend in the management and reporting system has been towards increased stakeholder participation in the management and reporting processes.

Edge Fund¹⁸

The Edge Fund works with marginalized communities in the United Kingdom to distribute small grants of between £1,500 and £3,000 for community development. Funding decisions are made collectively by the members of the Edge Fund, which include people from the marginalized communities in question. This allows the Fund to better target needs and ensure community ownership over the management process.

Thus, the greatest area for improvement in the management and reporting system lies in ensuring consistent and thorough reporting and performance tracking across organizations.

2.4 The Evaluation System

The global Internet Philanthropy evaluation system currently lacks coordination and comprehensiveness. Two factors exacerbate this. First, practitioners do not realize that “[t]

16. Official Site: <http://tidescanada.org>

17. Official Site: <http://chartingimpact.org>

18. Official Site: <http://edgefund.org.uk>

here is nothing to lose and everything to gain through close collaboration among evaluators.”¹⁹ Second, there are donor-driven incentives to produce simple evaluations. For example, nonprofit organizations are often compared by their overhead costs. While this method prioritizes simplicity, it is a poor measure of performance as it fails to consider actual results, transparency, governance and leadership among other areas.²⁰

The evaluation system is becoming increasingly comprehensive and personalized.

Shell Foundation²¹

The UK-based Shell Foundation exemplifies the increasing comprehensiveness of internal evaluations. In 2010 it started publishing evaluations of its own failures, as well as successes. Since then, the Foundation has tracked its grants' scale and sustainability, amending its strategy in response to failures on these two measures. This kind of transparent and honest evaluation is valuable for the effectiveness of philanthropy more broadly.

Charity Navigator²²

Charity Navigator is a watchdog organization located in the United States that evaluates charities in the U.S. Charity Navigator examines over 8,000 American charities, assessing their Financial Health and Accountability and Transparency to improve governance of the charities and boost investor confidence by providing comprehensive reports.

The second trend towards greater personalization allows users to customize evaluations of nonprofit organizations based on their own values, rather than relying on others' implicit value-based judgments in conventional evaluations.

Betterplace.org²³

The German online giving platform Betterplace.org also illustrates this. It has over 500,000 registered donors who can rate and comment on projects. Potential donors can sort through projects based on issue area and view user evaluations before they donate.

There is thus a trend across the evaluation system towards more comprehensive and personalized evaluations of organizations' projects and performance.

Global Internet Philanthropy has been instrumental in creating an environment where all of the aforementioned systems work in conjunction to further charitable work globally. In China, there have been similar developments in the industry, with Chinese philanthropists developing unique and innovative advancements in each of the systems, which will be elaborated upon in the following section.

19. Schmidt, Buzz. 2013. Nonprofit Quarterly.

20. Taylor, A., Harold, J., & Berger, K. (2013). Letter to the Donors of America [Editorial]. The Overhead Myth. Retrieved from <http://overheadmyth.com/letter-to-the-donors-of-america/>

21. Official Site: <http://shellfoundation.org>

22. Official Site: <http://www.charitynavigator.org>

23. Official Site: <http://betterplace.org>

3. Internet Philanthropy in China

3.1 Background

3.1.1 China's New Charity Law

CHINA CHARITY LAW

BACKGROUND

China's nonprofit sector has expanded rapidly over the last decade.

Since the late 2000s, the government has improved its regulatory capacity and coordination with civil society.

HIGHLIGHTS

1. Directly promote social ethics in China procedures
2. Regulates a social governance framework
3. Marks the establishment of a modern charitable system in China

WHAT ELSE

Designates September 5 as National Charity Day

For the Chinese public sector, the year 2016 is destined to be a landmark year. On September 1st, China's first ever Charity Law took effect. This marked the culmination of ten years of researching, drafting and finally establishing the legal groundwork for the charity sector in China. The stated aim of the law is “to develop charitable causes, promote the culture of charity and standardize charitable activities, as well as to protect the rights and interests of charitable organizations, donors, volunteers, beneficiaries and others who work in the field of charity, while promoting social progress and distributing the fruits of social development” in China.²⁴

For charitable organizations, the new Charity Law introduces two key changes. First, the Charity Law simplified registration procedures for charitable organizations, making it easier for individuals to establish charitable organizations. Second, it expanded the right to fundraise from selected state-owned organizations to enable individuals, groups and non-public organizations to fundraise directly for social causes.

Chapter 3 Article 23 of the Charity Law states that “charitable organizations using the Internet to carry out fund-raising shall publish the relevant information on the charity information platforms unified or designated by the civil affairs departments. Charitable organizations registered with a civil affairs department at the provincial level or above may use their website to publish the relevant information”. This regulates Chinese philanthropic sector’s use of online platforms, especially regarding the knowledge and giving system. Implementation of this article is expected to render Internet Philanthropy more transparent, professional and accountable to the public.

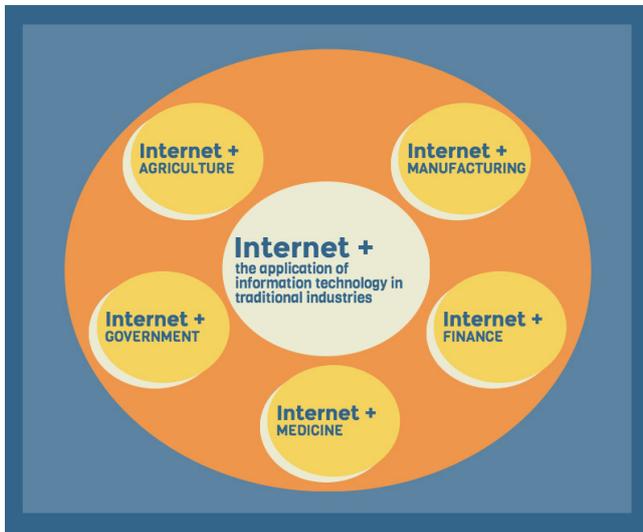
Implementation of the new Charity Law will be guided by the “Measures on the Administration of Public Fundraising Platform Services”, which were released on September 1st, 2016. These aim to “further regulate public fundraising platform services, to preserve the lawful rights and interests of participants –such as donors, beneficiaries and charitable organizations– in charitable activities,

24. The Charity Law of the People’s Republic of China: Chapter 1 Article 1.

and to advance the healthy development of charitable enterprises in China”. The Ministry of Civil Affairs also released an advisory document for managing fundraising platforms, which officially authorized thirteen Internet giving platforms out of 47 applicants. These thirteen platforms will shape the future of online giving in China.[See Section 3.2.3.]

3.1.2 Internet + in China

In parallel with the development of the new China Charity Law, “Internet +” has become an increasingly important phenomenon in China and has gradually penetrated the philanthropic sector. “Internet +” refers to the transformative effect of the Internet in traditional industries,



where it can lead to the emergence of new industries that operate in different environments and rely on modern information and communication technology. This phenomenon has been labeled as “Internet +” because it can be summarized in the following way: Internet + traditional industry = Internet industry.

With the support of the central government, the advent of the Internet has reshaped industries across China. In the words of Prime Minister Li Keqiang in the Report on the Work of the Government 2015, “to strengthen the new growth engines, an innovation-driven development plan was adopted along with guidelines on its implementation, policies and measures were introduced to encourage public participation in starting businesses and making innovations, and the Internet Plus action plan was implemented”.

The introduction and integration of Internet-based tools into the philanthropic sector has played an essential role in its recent development. It is commonly perceived that the internet provides philanthropists with the tools to connect with each other and society, to change attitudes to the sector, to advocate for equality and justice, and to build a more effective and accountable model of philanthropy. However, we have to stay cautious and require more vigorous evaluation and assessment to measure the real effectiveness and accountability of this “Internet + Philanthropy” phenomenon.

3.2 Four Systems of Internet Philanthropy in China

3.2.1 “Internet thinking” and its application in China

As “Internet +” expands across industries in China, Chinese philanthropy is also being shaped by “Internet thinking”. The phrase “Internet thinking” has been used in China to refer to successful online strategies, especially marketing strategies, which can be said to follow the mantra: “listen

to your customers, engage them, and seek resonance”.²⁵ More precisely, there are six strands of “Internet thinking” that are relevant to Internet Philanthropy:²⁶

- **Internet DNA thinking:** Internet DNA thinking follows the nature of internet which consists of interaction, connectivity and networking. These can be applied to all four of the systems of Internet Philanthropy in China, yielding a more active knowledge system, a more powerful and influential giving system, a more efficient and transparent management and reporting system, and eventually a more open and accurate evaluation system.
- **Internet technology:** The core technology in Internet thinking is informatization (including information acquisition, information transmission, information processing, information regeneration, information utilization), big data, intelligence technology, cloud service, and mobile Internet. The giving and management & reporting systems have implemented Internet technology the earliest: mobile Internet has been harnessed to accelerate Internet giving, while charitable organizations have used cloud service to improve their management processes. This strand of Internet thinking is still being developed and will be discussed in more detail later in the report.
- **User-centered thinking:** Taken literally, “user-centered thinking” focuses on the user, foregrounding customer interactions and experiences and increasing customer participation so as to refine user-centered services. The nature of the customer depends on the philanthropic system being discussed: the “users” in the knowledge system and the management & reporting system are charitable organizations, whereas users of the giving system include individuals, charitable organizations and companies. All of these could be described as users in the evaluation system. Although they may vary according to each system, there is a constant focus on the users of the system.
- **Community thinking:** The core of community thinking relies on resonance within the community. Projects seeking funding online will carry more resonance and ultimately raise more money if they present stories with strong emotional appeal and solid data.
- **Cross-boundary thinking:** Boundaries between industries, offline/online, platforms, organizations, and cultures can limit the scope of philanthropy. Every system of Internet Philanthropy can benefit from breaking down these boundaries: shared information across organizations builds up the knowledge system; cross-platform fundraising campaigns maximize the effectiveness of the giving system; cross-industry sharing of expertise and resources supports the development of the management & reporting and evaluation systems. Eventually, the philanthropic system may cross national and cultural boundaries too.

25. Chiang, J. & Lin, C. 2014. “A Bite of China: Is “Internet Thinking” a Fad?” Forbes Asia <http://www.forbes.com/sites/ceibs/2014/05/20/a-bite-of-china-is-Internet-thinking-a-fad/>.

26. Wang, H., & Yan, B. (2015, June 9). Internet Plus Charity, Can You Play with It? (互联网 + 公益, 你会玩儿吗?) China Philanthropy Times. Retrieved from <http://www.gongyishibao.com/html/yaowen/8117.html>

- **Social cooperation:** Social cooperation can take the form of crowd-funding, public communication, or crowdsourcing of skills, knowledge or information. While crowd-funding has transformed the philanthropy giving system, crowdsourcing and communication have also been important for the management and reporting system. Crowdsourcing research, such as through a crowdsourced think tank, may present a potential opportunity for the future development of the knowledge system.

	Internet DNA thinking	Internet technology	User centred thinking	Community thinking	Cross boundaries Thinking	Social cooperation
Knowledge System	√		√		√	
Giving System	√	√	√	√	√	√
M&R System	√	√			√	√
Evaluation System	√				√	√

As shown above, the Internet giving system has fulfilled the six strands of Internet thinking in China. Of the four systems, it could be said that the size, form, speed and impact of the Chinese giving system has developed the most since the implementation of Internet thinking. The greatest potential for expansion lies in the evaluation system, where there has been limited implementation of Internet thinking. Having introduced the thinking behind Internet Philanthropy, the following section discusses the four Internet Philanthropy systems in China in greater detail.

3.2.2 The Internet Philanthropy Knowledge System in China

Like many platforms in the global Internet Philanthropy sector, the Chinese knowledge system works to provide donors with access to relevant information. This in turn will develop a more open and transparent environment for Chinese Internet Philanthropy. As mentioned before, China’s new Charity Law, Chapter 3 Article 23 states that “charitable organizations using the Internet to carry out fund-raising shall publish the relevant information on the charity information platforms unified or designated by the civil affairs departments. Charitable organizations registered with a civil affairs department at the provincial level or above may use their website to publish the relevant information”.

The core of the Internet Philanthropy knowledge system in China is education and sharing. In the business world, knowledge is increasingly being recognized as a primary resource in sustaining a firm’s competitive advantage. However, philanthropic organizations do not seek competitive advantage; instead, they all benefit from better sharing of knowledge. This has been identified as

a key challenge in knowledge management. More and more organizations are responding to this challenge by using the Internet not only as an external resource but also as a platform for sharing their knowledge.

China Foundation Center (CFC)²⁷

The China Foundation Center (CFC) is a legally registered public charity and China's leading source of information on Chinese philanthropic foundations. The CFC aims to bring transparency to philanthropic markets through access to the highest quality data, news, and analytics, thereby enhancing the social impact of philanthropy. It combines industry expertise with innovative technology to deliver critical information to leading decision makers in media, corporate responsibility, research institutes, government, and to donors.

China Development Brief (CDB)²⁸

A Chinese non-profit organization, the China Development Brief serves as a bilingual hub providing media, communication, research, consulting, networking and other services to NGOs, foundations, development practitioners, businesses, researchers, and policy makers. With a mission to empower China's civil society through expert analysis and the free flow of information, CDB has been active for 20 years and has become the primary portal for NGOs in China. CDB's China NGO Directory, as well as its other bilingual publications and online job center, have made it a popular source of information on philanthropy both inside and outside the charity industry in China.

Development of the Internet Philanthropy knowledge system has been guided by the objectives of education and information transparency. However, future development will go beyond these goals. One key trend is towards greater integration with other systems of philanthropy, which is already evident in the CFC's transparency index (crossing into the evaluation system) and the CDB's job-hunting portal (moving into the management and reporting system). These organizations illustrate the potential of putting cross-boundary Internet thinking into practice. The other key trend is global connection and long-term effect. The Chinese knowledge system is capable of communicating globally using philanthropic data, industry benchmarks, and global measurement systems such as the SDGs to connect with its international peers. With a strong database, the intent of sharing, educating and advocating, its speed and efficiency, and policy support, the Internet Philanthropy knowledge system in China will be effective in the long term. Therefore, the knowledge system should be considered as the future of Internet Philanthropy in China and its capacity to transform the philanthropic sector should be encouraged and monitored.

27. Official Site: <http://en.foundationcenter.org.cn>

28. Official Site: <http://chinadevelopmentbrief.cn>

3.2.3 The Internet Philanthropy Giving System in China

Like its global counterparts, the Chinese Internet Philanthropy giving system acknowledges the presence of a larger market of donors that can be tapped into online. The giving system in China is seeking avenues to increase giving in the country by providing interfaces that attract younger donors by leveraging channels such as social media.

As discussed in Section 3.1.1, the Internet Philanthropy giving system in China has recently received a new regulatory framework. In 2014, 1.117 billion donations were made at various online donation platforms in China, amounting to 437 million RMB, according to CAFP Research²⁹. This represented 3.78% of charitable gifts by individuals and 0.42% of total charitable donations that year. The power of Internet giving lies in effectively connecting four key actors: initiators, donors, platforms and beneficiaries. Analysis of these four actors in Chinese Internet giving is presented below:

Initiators

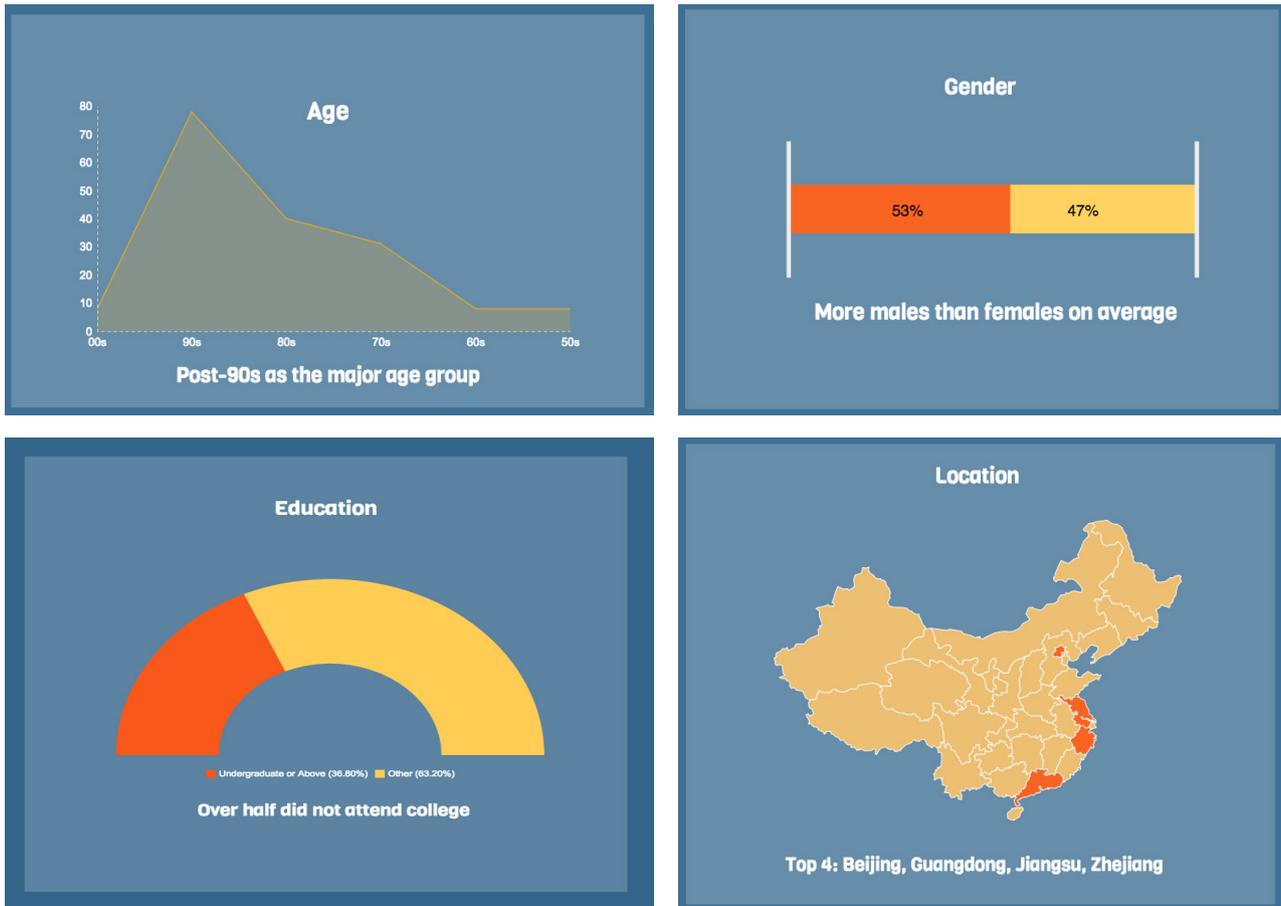
“Initiators” are understood as the individuals or organizations that first launch a charitable project or fundraising activity online. With the new opportunities created by the Internet, initiators can break through the previous definitions and limitations of the giving system. In particular, the Internet empowers individuals to become initiators themselves.

Donors

A 2014 report by CAFP Research analyzes the gender, location, age, education, and donation behavior of individual donors. It finds that a typical individual Internet donor would be a man from the southern part of China (most likely from Guangdong province) who was born after 1980 and has not attended college. A typical donor chooses to donate between 0 to 10 RMB at one time and prefers to donate to healthcare- and disease-related projects.

29. China Association of Fundraising Professionals (CAFP). (2015, November). Research on China Internet Fundraising Third Party Platforms 2014.

Graphic of Donor Analysis (CAFP 2014)³⁰



Beneficiaries

Beneficiaries can be categorized as individuals and charitable organizations. The beneficiaries benefit in different ways depending on their area of need. Although consolidated data from all online giving platforms are not available due to the different classifications used by the platforms, it is clear that healthcare- and disease-related projects receive the most attention and donations, monopolizing over half of all online donations. Serious illnesses and medical emergencies require immediate action. Therefore, these emotional and urgent appeals for donations are among the highest recipients in terms of donation amount and project preference.

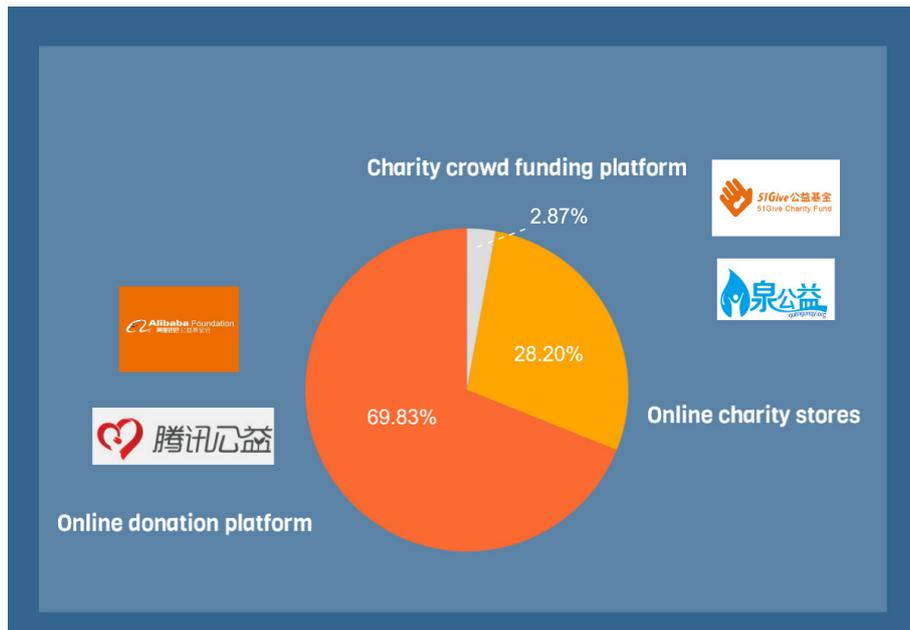
Platforms

As of September 2016, there were three types of online giving platforms in China, distinguished by the nature of the initiator and form of fundraising: online donation platforms, charitable crowd-funding platforms, and online charity stores. Online donation platforms include two groups distinguished by their origin and focus: first are general e-commerce platforms with charity channels, such as Alibaba and Tencent; second are independent charitable e-giving platforms,

30. CAFP 2014 Report

such as 51give and Quangongyi. Charitable crowd-funding platforms raised a total of 12.56 million RMB in 2014. All in all, there were 211 general crowd-funding platforms as of mid-2015, most of which had charity characteristics. Transactions in online charity stores were worth over 51 million RMB in 2014 and involved 556,000 customers.

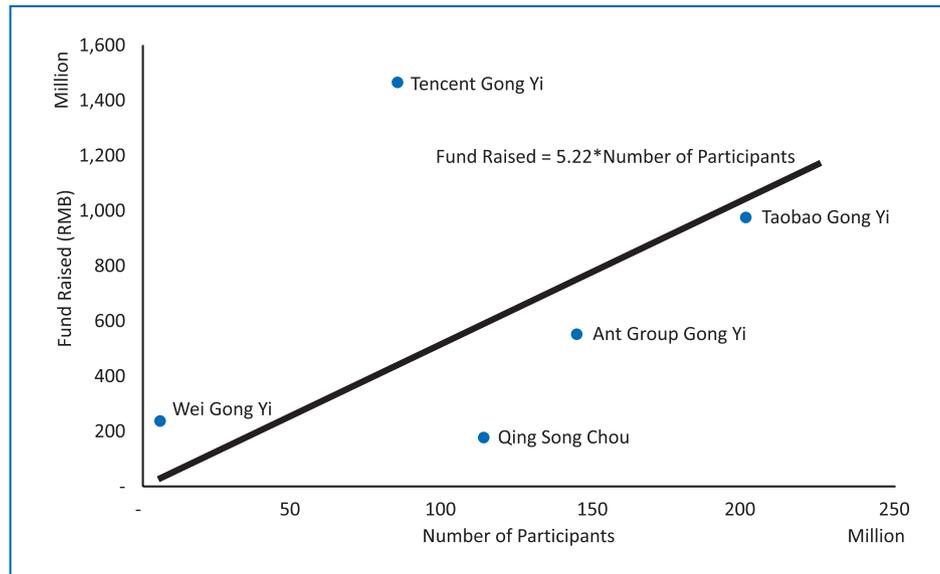
*Graphic of Various online donation platforms
(before Sep 2016, by CAFP 2014)*



Starting September 1st 2016, thirteen online donation platforms were authorized by the Chinese Ministry of Civil Affairs (MCA). Only these thirteen platforms will be able to legally collect donations online. These platforms are normally different from information publishing platforms which function in the Internet Philanthropy knowledge system such as China Foundation Center (CFC). Interestingly, CFC and several other authorized platforms are among the thirteen platforms to seize the initiative, although these platforms haven't been active in online fundraising³¹. Excluding those platforms that have not yet raised 100 million RMB, an analysis of the platforms is given below based on fundraising capacity, popularity (measured as the number of participants), and maturity (the number of years online). A detailed list of the thirteen approved platforms can be found in appendix 5.2

31. Appendix: 5.2 Table of 13 platforms

Graphic of Thirteen Internet Giving Platforms authorized by MCA



- 1) Only platforms that have raised over 100 million RMB are included.
- 2) The trend line indicates that across the five platforms analyzed, each donor donates 5.22RMB on average.
- 3) Above the trend line are platforms with per person donations that are higher than the average, namely Tencent Gong Yi (RMB 17.5 per person) and Wei Gong Yi (RMB 46.0 per person). Conversely, platforms below the trend line received lower than average per person donations.

Although many philanthropic experts consider this new system of registration as a retrograde policy, it is expected that more platforms will be authorized with the development in the future. In-depth analysis with sufficient information of the thirteen platforms would be interesting to predict the future performance of the giving system of Internet Philanthropy in China. Likewise, it could be a powerful tool in advising future policies in the philanthropic sector.

Box 1.1 Tencent 9.9 Internet Philanthropy Campaign³²



Another symbolic example of the Chinese internet giving system is the Tencent ‘9.9 Internet Philanthropy Campaign.’ This campaign mobilized a large-scale fundraising drive in China that attracted nearly 6.8 million participants and 600 Million RMB in investments in 3 days.

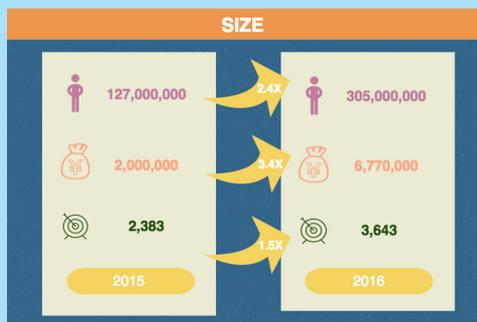
Compared with the same time period in 2015, the 2016 campaign attracted investment to 1,260 more projects with a 4.8 Million RMB increase in investment. The 9.9 Internet Philanthropy campaign is a testament to the ability of the internet platform to rapidly accumulate funding for projects. In the first 18 minutes of the event, 48.6 Million RMB was raised.



The campaign touched many areas of development with 38% of donations directed towards education. Donors were young (26-34), mainly from Jiangsu, Guangdong, and Beijing.

Another item of note is the breadth of impact that each individual donor had in this event. As an event geared to spur social media response, it encouraged individual donors to engage other individuals within their social circles. Through invitations to donate, the average donor was able to catalyze ten additional donations, leading to a total donation of 202 Million RMB. In addition to individual donation, 115 corporations and NGOs also took part in the campaign, contributing nearly 64 Million RMB to various causes.

As an event geared to spur social media



“In China we have seen these contributions grow greatly, it took around five years to raise the first 100 million RMB in charitable donations, 19 months to raise the second 100 million RMB, 7 months to raise the third 100 million RMB, 3 months to raise the fourth 100 million RMB. On 2015 ‘9.9 Charity Day’, it takes three days to raise 100 million RMB. And then only one day to raise 100 million RMB on 2016 ‘9.9 Charity Day’.”³³

32. Data provided by Tencent Gong Yi.

33. Mrs. Zhaoli Meng, Chief Economist of the Tencent Research Institute.

The Internet giving system has surpassed other systems in China in terms of development speed, public awareness and fundraising capabilities. Besides its powerful fundraising capability, it communicates the positive message of “doing good” to the public and encourages giving as part of personal life, especially among the youth. However, Internet Philanthropy in China is not only about giving; Internet Philanthropy should not be understood as simply a giving system. With the thirteen online platforms, cross system initiatives should be encouraged to achieve sustainable development for Internet Philanthropy. Furthermore, online and offline actions should be integrated to ensure the delivery of each individual charity project.

3.2.4 The Internet Philanthropy Management and Reporting System in China

Internet Philanthropy management and reporting systems in China follow the global norm and aim to pool resources for knowledge exchange between organizations in order to improve their operational efficiency.

From the perspective of charitable organizations, the Internet has transformed the management and reporting system which shapes their daily work. Defining the management and reporting system as including the processes of “setting objectives, planning initiatives, tracking performance, and reporting on programs”, as well as “administrative needs”³⁴, the following analysis presents Chinese case studies of the management subsystem and the reporting subsystem.

- Management subsystem: the Internet simplifies the registration process, enhances management efficiency, enables increased transparency, and allows for targeted volunteer recruitment and training.

Registration is normally the first step for a charitable organization in China. An example of this is the China Organizational Name Administration Center (CONAC), which administers the first step for every charitable organization: the name.

Organizational Name Administration Center (CONAC)³⁵

The mission of the China Organizational Name Administration Center (CONAC) is to provide foundational Internet technologies for the development of e-government and informatization services in China. As the designated authority in this area, CONAC protects the legal interests of Chinese government organizations, public institutions and social organizations by administering and standardizing online names and e-identification certificates for those organizations, and promotes the penetration and application of information communication technology in China as well as the development of e-government services by helping to provide fast, reliable Internet access to government organizations, public institutions and social organizations.

34. Schmidt, Buzz. 2013. Nonprofit Quarterly.

35. Official Site: <http://www.chinagov.cn>

With the new China Charity Law, the registration process for charitable organizations has been somewhat relaxed. However, there is still room to improve the integration of Internet technology into the philanthropy management system, in line with the “Internet +” trend. This requires policy support and regulatory change; including simplifying the registration procedure online or replacing certain steps in the registration process with an online application.

Chinese charitable organizations benefit from the efficiency gains enabled by the Internet even more than their better-established international peers. The Internet has enhanced the efficiency and management capacity of Chinese charitable organizations, transforming their ability to fundraise and implement programs. However, online and offline activities need to be further integrated to fully capitalize on the advantages of both traditional and Internet Philanthropy.

Box 1.2 ALS Ice Bucket Challenge³⁶

An example of integration of online and offline activities was the highly successful ALS viral campaign in 2014. ALS is a form of motor neuron disease. The challenge asked participants to film themselves tipping a bucket of iced water over their heads to raise funds for research into the disease. The challenge originated in the US and was taken on by Lei Jun, CEO of Xiaomi, who was nominated by Mr. & Mrs. Milner on August 18th, 2014. The two-week campaign raised 8.15 million RMB from over 40,000 donors, reaching a peak of 8,800 donations in one day in China. On Sina Weibo (“Chinese Twitter”), 4.7 billion people read the official tweet about the challenge, with the daily number of viewers reaching 790 million and a total of 4 million re-tweets. Although this original and innovative campaign may not be reproduced with same result and impact, lessons can definitely be learnt regarding the pivotal role of the Internet in its success.

- 1) For beneficiary organizations, the ALS campaign shows that branding and recognition are essential. While these two factors are partly based on the past efforts, sensitivity to the Internet and especially to social media may help an organization stand out. Out of the three Chinese organizations working in this area, Ciwawa³⁷ reacted first online, providing official documents, an online project plan and even an advertorial, and was therefore rewarded as the official beneficiary of the ALS campaign in China.
- 2) For hosting platforms, the campaign revealed that clear rules and convenient means of donating are essential for success. Unlike Facebook, which was the key platform for ALS awareness outside of China, Weibo combined communication and fundraising from the very beginning of the campaign. Weibo allowed its users to simply set up a donation link next to the uploaded video, combining viral fame and rapid donations for the beneficiaries thanks to the Internet.

36. CAFP 2014 Report

37. Official Site: <http://www.chinadolls.org.cn>

3) For participants, the campaign showed that the key to success is to engage younger generations in a fun way. Forty per cent of the online donations to the campaign came from individuals born after 1990, for whom “fun & fans” are both decisive factors in donating. Social media provided a straightforward way of bringing together video, social networks, celebrity participants, and more.

NGO 2.0³⁸

Another example of the management system is NGO 2.0 a knowledge-sharing platform proposed by Professor Jing Wang at MIT. The platform focuses on enhancing digital proficiency and literacy of NGOs in underdeveloped areas of China. NGO 2.0 focuses on a couple of main pain points for grassroots organizations in China including communication needs, resource needs, and technology needs. NGO 2.0 aims to hold forums for sharing of best practices between local government, local media, and organizations. This management system seeks to work across sectors, creating cohesive partnerships that utilize technological developments to “design for social good.”

In terms of volunteers, charitable organizations need to identify their volunteer requirements and required qualifications in greater detail. Better management of volunteers can have a big impact on the services charitable organizations provide to their beneficiaries. After identifying their needs, charitable organizations may post their requirements on their own websites, or on their Weibo or Wechat accounts. They may target potential volunteers by partnering with general volunteer recruiting platforms, which may in turn lead to higher efficiency and bigger impact. Mentioned below are websites for volunteer applications and recruitment, including not only general websites that have massive user bases, but also volunteer-only websites. [See Appendix 5.3 for detailed list of platforms]

Graphic of Various volunteer recruiting websites and positioning in China



38. Official Site: <http://www.ngo20.org/>

International Volunteer Network³⁹

The International Volunteer Network is an accredited nonprofit body dedicated to promoting awareness and access to quality volunteer programs outside of China. As it has developed, the Network has developed partnerships with Weibo, Renren, Douban and Wechat (the major social media platforms in China) meaning that it is now preeminent in terms of convenience to both charitable organizations and volunteers.

Opportunities to further develop the role of the Internet in volunteer management lie in segmenting volunteer recruitment channels. In particular, volunteers could be better recruited according to project location and group characteristics, such as students, employees, elderly and so on. While we are seeking to make full use of the Internet, we must not forget the importance of combining online and offline approaches to enhance the brand awareness, project exposure and degree of loyalty among the current and potential volunteers.⁴⁰

- Reporting subsystem:

Charitable organizations' annual reports have always been the focus when discussing the reporting aspect of the philanthropic sector in China, especially for the 5000+ charitable foundations in China. The Internet has created the possibility of drafting and publishing annual reports online with a higher degree of efficiency and transparency. Under the China Social Organization Management Bureau, organizations are able to register and upload their annual reports on a virtual platform. These reports are then published. This a) provides transparency into the organizations' operations b) ensures the accountability of the various groups in their daily workings and c) updates the public on the status of registered organizations. Additionally, this platform can be a tool to understand the general environment of charitable organizations in China.⁴¹

3.2.5 The Internet Philanthropy Evaluation System in China

The Internet Philanthropy evaluation system in China, though younger than its global counterparts, is trending towards more comprehensive and personal solutions that afford donors insight into the projects and organizations they are funding. It, in turn, has the dual benefits of providing a more secure philanthropic environment and increasing the governance and efficiency of the beneficiaries.

39. Official Site: www.intvolunteer.com

40. How Should Philanthropic Organizations Find Suitable Volunteers? 公益机构如何找到合适的志愿者?(2015, July 20). China Development Brief. Retrieved from <http://www.msweekly.com/news/gongyi/2015/0720/31818.html>

41. Official Site: <http://www.chinanpo.gov.cn/npowork/platform/jjh/npo.do?catlog=n01>

In China, when we discuss the components of the Internet Philanthropy evaluation system, we ought to take into account the different ways into which the assessment system can be broken down. There are at least two ways to classify the system: first, from the angle of the “principal party”; and second from the standpoint of the “area of expertise”. Below we present Chinese case studies that illustrate these two means of classifying the evaluation system.

- Principal party: different parties and types of organizations have different requirements for assessment but all evaluations have been conducted online.

Classifying the Internet Philanthropy evaluation system regarding the main party, we can distinguish at least three types of evaluations: for foundations, for companies (as in corporate social responsibility), and for NGOs. The evaluation system has been developed for the major philanthropic actors, including evaluations for foundations, non-governmental organizations and beneficiaries.

China Foundation Center's Foundation Transparency Index (CFC)⁴²

As a leader in the Internet Philanthropy knowledge system in China, CFC believes that the transparency of philanthropic foundations is vital to increase donation flows, deliver practical solutions to social problems and affect positive changes in Chinese society. The Foundation Transparency Index (FTI) is CFC's attempt to set a new standard for the ethical conduct of foundations in China. The FTI ranks all 5000+ Chinese foundations against a remarkably comprehensive checklist of 41 “transparency indicators”. The index separates foundations according to the level and quality of publically disclosed information about their activities, finances, and governance in response to the growing demands for transparency in the digital age. FTI has become the benchmark for charity foundations in China.

However, evaluations of corporate philanthropic activities (corporate social responsibility) lack a standard benchmark in China. The Internet may have an important role to play in establishing a common framework by helping corporations to overcome the barriers of geography, business incentives, and resources.

- Area of Expertise: Expertise in Internet+ trends can assist the evaluation system becoming more professional and targeted. These evaluations should be completed in the areas of finance, human resources, and marketing. Particularly, the Internet has been instrumental in improving evaluation in the area of NGO finance, an example of which can be found below.

Enyou⁴³

Enyou, meaning “NGOs' friend” in Chinese, is an organization dedicated to providing financial management services for NGOs. With operations for eight years, Enyou's services cover 25

42. Official Site: <http://ftien.foundationcenter.org.cn/interpretation.html>

43. Official Site: <http://www.nfriend.org>

provinces and municipalities, serving more than 3000 organizations, including over 500 financial workshops involving over 3000 participants. It also provides financial consulting services for more than 500 organizations, asset management services for 25 organizations, and auditing services for 212 projects. In all of its activities, Enyou puts its expertise at the service of NGOs. Enyou has developed four sets of financial management toolkits for NGOs online including the “NPM project financial management software” and “USDO financial information disclosure template.” These have become the benchmarks for NGOs’ financial evaluations.

However, evaluation of human resources, project management, and volunteers still needs to be developed further to make the most of the opportunities provided by the Internet.

3.3 Trends and Opportunities in Internet Philanthropy in China

In its 2015 article “Top 10 China Internet Development Trends”, People.cn analyzed and ranked the most influential and forward-looking events, phenomena and trends in the area of the Internet in China. Referring to this ranking, in the following section, we focus on philanthropy and forecast future trends in Internet Philanthropy in China.

3.3.1 Policy

“Internet +” continues to transform the philanthropic sector.

As “Internet +” is promoted nationwide, the implementation and integration of cloud computing, big data, online public services, e-commerce and Internet banking into philanthropy will continue to advance. In cooperation with Internet companies, Internet+ will eventually transform traditional philanthropy in China.

Internet breeds/encourages innovation in Chinese philanthropy.

As stated in the Government Work Report in 2015, “public entrepreneurship and innovation” was promoted as the engine of future economic development. The Internet is no doubt the base for further implementation of the innovation-driven development strategy, potential entrepreneurship and innovation, through means such as online incubators. Encouraged by this national policy, Internet philanthropic incubators and other innovative platforms and tools are emerging and promoting the philanthropic sector.

The new Charity Law and related regulations are pointing towards strengthened transparency and accountability of Internet Philanthropy and enable a healthy legal environment for the future.

In recent years, the Chinese government has accelerated the regulation of cyberspace. The new Charity Law and the future “Network Security Act” (still at the draft stage) will enhance the transparency and accountability of Internet Philanthropy, encouraging the adoption of common industry standards under the condition of efficient and positive implementations.

China released its “National Plan on Implementation of the 2030 Agenda for Sustainable Development”, indicating a policy direction that will have definite impacts on the philanthropy sector.

China's new national Sustainable Development Goal (SDG) implementation policy outlines concrete targets and action steps the country will take to address difficult development issues. One tool at China's disposal in the achievement of the SDGs is Internet Philanthropy. Private donation can make up gaps in government funding to achieve targets and also to increase civic engagement in sustainable development projects. In “China's National Plan of Implementation of the 2030 Agenda for Sustainable Development, “ social mobilization through the use of Internet” is mentioned. Additionally, part of the Chinese strategy for development also includes “triangular cooperation” and the engagement of philanthropic groups.⁴⁴

3.3.2 Infrastructure & Capability

The Internet promotes philanthropic exchanges and advances community initiatives across the world.

China is in the midst of building an online community based on a shared vision of the future. As this community develops, an exchange between China and different philanthropic sectors will become more frequent and profound. The Internet plays a significant role in breaking down the barriers of time, region, and even language and culture, enabling Chinese NGOs to expand their activities abroad at an unprecedented rate.

Internet Philanthropy continues to grow in response to the development of China's Internet infrastructure.

As “China is to become a cyber power”⁴⁵, the growth in Internet users, online information, volume and sales of e-commerce transactions, and network bandwidth and speed, altogether will help enhance the size and scale of Internet Philanthropy in China.

Mobile Internet continues to speed up and transform Internet Philanthropy at the personal level.

In the article, “Ten trends of internet development in China”, People's Daily writes that, as of October 2015, the number of Chinese mobile phone subscribers exceeded 1.3 billion and the number of mobile Internet users reached 950 million. Additionally, the average monthly mobile data usage per person reached 361.6M, an increase of 88.3% from the previous year. Mobile Internet has become the Internet's most dynamic and fastest-growing source of investment and financing. In particular, mobile giving has grown very quickly in the areas of education, healthcare, finance, entertainment, life services, and e-commerce. The rapid growth of mobile philanthropy will encourage improvement and innovation in public welfare.

44. China, Ministry of Foreign Affairs. (2016 September.). China's National Plan on Implementation of the 2030 Agenda for Sustainable Development.

45. People's Daily, Ten Trends of Internet Development in China. Full article can be found at: <http://it.people.com.cn/n1/2016/0107/c1009-28022881.html>

3.3.3 New Technology

Smart technologies help Internet Philanthropy become more innovative, targeted and efficient.

One of the key trends in the development of the Internet is the growth of smart technology. A typical application of smart technology is the broad use of Internet of Things (IoT) in industrial fields, including cloud computing, mobile Internet and other new generation information technology. Encouraged by the “Made in China 2025”⁴⁶ strategy issued by the State Council, Internet companies and manufacturers have begun to cooperate with each other, and their products have been transforming and, at times, even subverting the traditional philanthropy industry. For example, smart bracelets (also known as “wearables”) which track the wearer’s movements have been used to encourage donations from the wearer’s friends based on the number of steps the wearer takes while using the device, thus transforming the movements of each individual into philanthropic activities. The “Smart micro-school”⁴⁷ project between China Youth Development Foundation and Baidu exemplifies the use of smart technology to tackle the security, water and electricity demands and course material needs in remote rural primary schools through intelligent system solutions. It also redefines the concept of “Hope Primary School” initiated by China Youth Development Foundation in its efforts to improve the infrastructure for rural education. Finally, the Huawei “intelligent bus” project⁴⁸ provides a bus equipped with ICT technology to students to promote education in this field in Spain and Portugal. All these projects are continuing to have impacts on the philanthropic sector in China and around the world.

Application of big data enhances the development of the philanthropy knowledge, management & reporting and evaluation systems.

With the support of the government policy to accelerate the use of big data in China, the development of the Internet has empowered governments, businesses, and individuals to harness big data for philanthropy. According to the “Action Plan for Promoting the Development of Big Data” issued by the State Council,⁴⁹ China will form an inter-departmental data sharing structure by the end of 2017 and will build a unified national open data platform for government by the end of 2018. Indeed, this report also exemplifies the use of big data in examining online giving in China. Despite the growing use of big data in Chinese philanthropy, data processing is still lagging behind other sectors. Given the significant potential benefits of big data research for both recipients and donors, it is important that the entire industry supports the use of big data. It eventually leads to greater efficiency and professionalism in the sector and help maximize the impact of Internet Philanthropy.

46. China, The State Council. (2016, May 19). Made in China 2025.

47. Official Site: <http://5yuan.cydf.org.cn>

48. Official Site: <http://m.huawei.com/cn/about-huawei/sustainability/win-win-development/social-contribution/index.htm>

49. China, State Council. (2015). Action Plan to Promote Big Data Development.

3.3.4 New Initiatives

The sharing economy penetrates into the philanthropic sector with the support of the Internet.

The Internet-enabled sharing economy has been restructuring the economy worldwide. Philanthropy is following this trend. In the long term, the influence of the sharing economy on philanthropy will increase productivity and become a new driving force for the development of the public sector. One such example is eHelp⁵⁰, a community-based platform where resources for family members who die of cancer or from accidents are available to members in their time of need.

Internet Philanthropy plays an essential role in the We-media era.

As the Internet eliminates the boundaries between media and non-media, the “We-media” era (of how audiences are shaping the future of news and information) has come to the fore. Following this trend, Internet Philanthropy shall take the leading role in the philanthropic media.

Internet-based partnership and collaboration enable global impact and advance sustainable development worldwide

The Internet allows organizations to transfer their knowledge globally. Going forward, these international platforms will play a bigger role for Chinese NGOs, facilitating cross-cultural communication, increasing their global footprint, and maximizing their impact in achieving sustainable development around the globe.

*SDG Philanthropy Platform*⁵¹

Building upon the Sustainable Development Goals (SDG) outlined by the United Nations, the SDG Philanthropy Platform seeks to create connections and awareness among organizations operating in the philanthropy space. Through the coordination of practitioners, philanthropists, and foundations, the SDG Philanthropy Platform will engage organizations and facilitate their work to achieve one or more of the 17 SDGs by 2030.

*Sphaera Solutions*⁵²

Sphaera Solutions is a thought-sharing platform designed to encourage collaboration among various individuals and nonprofit organizations to tackle the issues of the 21st century. Organizations and stakeholders can share technology and solutions that can be scaled to address issues globally.

50. Official Site: www.ehuzhu.com

51. Official Site: <http://chartingimpact.org>

52. Official Site: <http://www.sphaera.world/>

3.4 Challenges for Internet Philanthropy in China

The Internet era empowers every single person and every single institution to become a node in the network of Internet Philanthropy. This is due to the nature of the Internet itself, which also allows individual charitable activities, small-scale charitable organizations, and independent charitable projects to flourish. In the Internet Philanthropy knowledge system, technology has become a key driver of transparency and openness. In the philanthropy giving system, the Internet has clear advantages over traditional philanthropy regarding the modules, channels, sales and impact of giving. Through the Internet, individual users can not only receive and send information on philanthropy and participate in charitable activities, but also can take the initiative to launch a charitable project or to expand the impact of an existing project. The Internet provides an unparalleled platform for effectively enhancing public welfare, dramatically reducing the distance between donor and recipient and inspiring new donors to participate.

But Internet Philanthropy also has its weaknesses and requires public support and regulation to continue developing and improving. The following section outlines some of the future challenges in the development of Internet Philanthropy.

1. The implementation of the China Charity Law may be unpredictable and slow.

Although China's first ever Charity Law has now been promulgated, the implementation of the law remains uncertain. The process of implementation and the opportunities for participation are so unclear that many charitable organizations are simply left to wait and see what the results will be. Looking at the thirteen authorized platforms, we can see that some have already been active and useful regarding information sharing, fundraising, and promoting online, while some have only just launched websites. The standardization and the evaluation of the platforms require further development and regulation, but policy instability may slow progress in Internet Philanthropy in the near term.

2. Too much emphasis may be placed on the Internet Philanthropy giving system, minimizing the potential benefits of the Internet for philanthropy more broadly.

Although the Internet has had a significant effect on the giving system, attracting many new donors especially among young people, we should not overlook the potential benefits of the Internet for the other systems of philanthropy. Although the speed, size and impact of Internet fundraising are tremendous and the September 9th Internet Philanthropy Day has been a milestone for Chinese philanthropy, the Internet giving system does not and cannot take precedence over the other systems. Development of the other three systems of Internet Philanthropy, especially the knowledge and evaluation systems, is required for Internet Philanthropy to flourish.

3. Designating which organizations may receive online donations could constrain the Internet giving system in China.

Small scale and grassroots charitable organizations benefit the most from the Internet giving system. The Internet empowers these organizations to surpass the limitations of workforce, popularity, network, resources, and so on. However, there is an unwritten rule in China that only some designated public organizations can receive donations online and issue tax-deductible receipts. It means that small organizations and projects require the backing of selected organizations to raise funds, even online. Although this may help to regulate the market to some degree, it also places limits on who can harness Internet Philanthropy in China.

4. The attitudes of Internet users towards philanthropy are uncertain and unpredictable.

Thanks to the generosity and enthusiasm of Internet users, a variety of online charity projects have emerged. However, donations that are driven by emotional pleas or made in response to particular incidents are harder for users to continue and for charitable organizations to predict. Once public enthusiasm drops, Internet Philanthropy may face a significant challenge.

Internet Philanthropy is not necessarily an appropriate tool for all; Internet Philanthropy cannot and should not replace traditional philanthropy. Although the Internet has transformed the philanthropic sector since it was introduced to the field, it should never entirely supplant traditional philanthropic parties such as NGOs, foundations and volunteers. Further, there is a significant portion of the population in China that still lacks access to and knowledge of Internet Philanthropy platforms. Therefore, they may not be able to benefit from or contribute to developments in the sector.

We should also keep in mind that each challenge provides us with an opportunity to improve or an area that can be developed in the philanthropy sector. For example, knowing that lack of knowledge of Internet platforms is an obstacle for potential users of Internet Philanthropy, organizations can focus on strengthening the Internet Philanthropy training within China.

4. Conclusions & Recommendations

Regulating and unleashing, side by side

While the potential for growth of Internet Philanthropy in China is clear, it is also becoming evident that without some targeted regulations and freedoms, the sector may not be able to maintain its fast-paced growth and large donor base. Internet Philanthropy has not only transformed the philanthropic sector, but it has also transformed Chinese people's altruistic behavior. This report, therefore, calls for practical steps aimed at creating a more enabling environment for Internet Philanthropy in China to unleash the potential of the philanthropy sector, guide Chinese people's philanthropic activities towards social good via the Internet, and advance sustainable development in China and worldwide.

1. Recommendations at the individual level: introduce, educate and gradually promote a culture of online giving

As demonstrated in the report, Internet Philanthropy has transformed Chinese people's altruistic behavior and is becoming a part of their lives. However, the majority of Internet donors are people born in the 1990s. The segment of the population that controls most of the country's personal wealth and has the strongest purchasing power has not yet fully participated in online giving. Even in the 38th edition of the government's "Statistical Report on Chinese Internet Development", online giving was not considered as a distinct form of e-trade. A clear definition of Internet Philanthropy may help send a clear message to the public. Coupled with increasing efforts to encourage regular online giving such as the "Donate Your Change" programs and purchasing products on charity e-shops, China's burgeoning e-commerce sector can be leveraged for humanitarian purposes at the individual level.

2. Recommendations at the industry level: fully implement the new China Charity Law in the Internet Philanthropy sector to release the potential of the broader philanthropy ecosystem

The following recommendations are separated according to the four systems of Internet Philanthropy ecosystem:

First, the evolution of social media platforms has enhanced the capacity of Internet Philanthropy to widely and publicly share information. It is relevant to the Internet Philanthropy knowledge system and the management and reporting system. Regulations surrounding transparency and accountability in the philanthropic sector must take account of the role of social media while encouraging increased sharing and innovation.

Second, the power and impact of the Internet giving system have repeatedly been emphasized in this report. However, the future development of the giving system depends considerably on the implementation of the new China Charity Law and the development of the thirteen newly authorized online platforms. It is essential that regulators, auditors and ratings for online platforms be established to ensure the transparency and efficiency of the Internet giving system. On the donor side, policies ought to be developed to incentivize corporate philanthropy, including tax breaks.

Third, the management and reporting system of Internet Philanthropy ought to be streamlined and simplified. Support and training should be provided to the organizations that are most active in the sector.

Fourth, a benchmark for Internet Philanthropy evaluation is urgently required. It applies to charitable organizations, CSRs, donors, projects and beneficiaries. A comprehensive and standardized evaluation system would pave the way for the future development of Internet Philanthropy and philanthropy in China.

Besides the targeted recommendations to the four systems of Internet Philanthropy, at the industry level, online and offline philanthropic initiatives should be integrated from the planning phase throughout the implementation to evaluation. Human touch, which is carried by NGOs and volunteers on site, is the key to successful philanthropic endeavors. Without offline personal connection, philanthropic actions may not be perceived and philanthropic goals may not be achieved entirely.

3. Recommendations at the country level: release the potential of Chinese Internet Philanthropy, thereby advancing sustainable development nationwide and worldwide.

Nowadays, the public regularly receives and communicates helpful information via the Internet rather than through traditional media. Timely and efficient regulation of Internet Philanthropy would build trust among the public towards Chinese Internet Philanthropy, and thereby grow the wider philanthropy field. The development of Chinese Internet Philanthropy has transformed the Chinese philanthropy sector and advanced sustainable development in China.

Also, with the opportunities created by the Internet, it is now feasible for Chinese charitable organizations to expand their activities abroad. It benefits many projects and countries in need all over the world. An encouraging policy environment will play a fundamental role in fulfilling this potential. It may include setting up a consolidated Internet platform for international exchanges, integrating all international aid projects and services via the Internet, or establishing one official platform for Chinese philanthropy overseas.

With the China Charity Law's implementation in the Internet Philanthropy sector, the priority must be on unleashing the potential of Internet Philanthropy and advancing sustainable development using the Internet. In the future, the Internet will continue to penetrate the philanthropic sector and expand the number and nature of charitable activities. All of these should be encouraged, regulated and unleashed in China.

Again, key to the success of the philanthropic sector is its human touch; this shall continue with or without the Internet. However, with the Internet, this human touch can be transmitted across linguistic, national, and cultural boundaries. It is the ultimate contribution of the Internet to philanthropy.

5. Appendix

5.1 References

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5.2 Conditions of thirteen online philanthropy platforms

Name	Company	Website	Initiation Date	Projects Sponsored	Areas	Funds Raised	Number of participants
Tencent Gong Yi	Tencent	http://gongyi.qq.com/	2007.5	15000	Poverty /disaster relief, Disease, Education, environmental / animal protection, other	1,469,614,274 RMB	84,216,206
Taobao Gong Yi	Taobao	https://gongyi.taobao.com/ , https://izhongchou.taobao.com/index.htm	2014.3	/	Poverty, education, disease/disaster, animal protection and environmental protection	980,000,000 RMB	2,000,000
Ant Group Gong Yi	Ant Group	https://love.alipay.com/donate/index.htm	2014.1	/	Studying, disabled, medical help, the elderly, the poor, disaster relief, other	554,211,381 RMB	143,977,731
Wei Gong Yi	Weibo	http://gongyi.weibo.com/	2012.2	15704	Education, child development, medical aid, animal protection and environmental protection	240,000,000 RMB	5,219,316
Qing Song Chou	Qing Song Chou	http://www.qschou.com/	2014.9	767926	Early adopters for sale (fresh agricultural products, private kitchens, etc.), a list of dreams (TV Books, art, design, etc.), micro-channel love	180,000,000 RMB	113,000,000
China Charity Information Platform	China Charity Alliance	http://npo.charity.gov.cn/	2013.4	4090	Human services, culture, health, science and technology, disaster and disaster relief, poverty alleviation and development, utilities, environment, legal aid, sports	12,976,012,233 RMB	2,821,543,961

Jingdong Gong Yi	Jingdong	https://gongyi.jd.com/	2014.9	/	Intelligent hardware, culture and entertainment	1,000,000,000 RMB	2,000,000
Foundation Center	China Foundation Center	http://www.foundation-center.org.cn/	2010.7	Not started	Not started	Not started	Not started
Baidu Gong Yi	Baidu	http://aixin.baidu.com/	2011.4	/	Education, environmental protection, health, poverty alleviation, disaster relief	/	/
Gong Yi Bao	Gong Yi Bao	http://www.gongyibao.cn/	2014.9	/	medical help, poverty, environment, youth, student, relief	/	/
Xinhua Gong Yi	Xinhua Co., Ltd.	http://www.xinhuanet.com/gongyi/	2012.12	Not started	Not started	Not started	Not started
Lian Quan	Lian Quan	http://www.lianquan.org/	2015.5	290	Children, education, environment, disability, community development, public sector support, health care, poverty, the elderly, other	22,820,525 RMB	153,308
Guangzhou Charity Foundation	Guangzhou Charity Foundation	http://www.gzcf.org/WebSite/Index.aspx	2014.6	797	Brand name items, special fund, joint fund-raising, project contest	255,079,284 RMB	120,497

5.3 Conditions of volunteer recruiting platforms

Platforms	Website	Types
China Development Brief	http://www.chinadevelopmentbrief.org.cn/	Comprehensive philanthropy website
China Youth Volunteer Network	http://www.zgzyz.org.cn/	Volunteer recruitment based websites
Douban	https://www.douban.com/	Social networking websites
International Volunteer Network	http://www.intvolunteer.com/	Volunteer recruitment based websites
NGO CN	http://www.ngocn.net/	Comprehensive philanthropy website
Gongyi Xiang	http://www.gongyixiang.com/	Volunteer recruitment based websites
Beijing Volunteer	http://www.bv2008.cn/	Comprehensive philanthropy website
Volunteer China	http://www.volunchina.cn/	Volunteer recruitment based websites
Shenzhen Volunteer Association	http://www.sva.org.cn/	Volunteer recruitment based websites
Beijing Yigong Association	http://www.iyigong.com/forum.php	Volunteer recruitment based websites
Renren	http://www.renren.com/	Social networking websites
Zhonghua yigong	http://www.zhyg.org/	Volunteer recruitment based websites
58 Volunteer	http://www.58.com/volunteer/	Volunteer recruitment based websites
Xin Gongyi	http://www.xingongyi.org/	Comprehensive philanthropy website