

# CHINA - HONG KONG SAR

REDINESS LEVEL

HIGH

China - Hong Kong SAR leads the Asia-Pacific region with a well-developed and mature environment suitable for the philanthropy sector to thrive. It has strong potential to serve as an important cross-border giving hub in the region. The market benefits from a regulatory environment that is favourable toward cross-border giving, a mature financial system, commitment from the government for the social sector, and professional social workers.<sup>1</sup>



## CROSS BORDER GIVING INDEX

SCORE  
4.00



## REGULATORY INDEX

SCORE  
3.90

With a long legacy of family philanthropy, China - Hong Kong SAR has a strong institutional philanthropy sector, with an estimated over USD 10.6 billion worth of philanthropic assets held by foundations, accounting for 3.3% of the region's GDP according to UBS's Global Philanthropy Report 2018.<sup>2</sup>

The majority of donors in our study donate to causes related to education, natural disaster relief, and research. Typically, at least 25% of their philanthropy giving goes to domestic causes, with the majority giving to China - Mainland. Those giving abroad follow two main trends. They typically give at least 25% of their philanthropy to domestic causes, a majority of them giving to China. There are two main trends among those giving abroad, (i) focusing on South and Southeast Asian countries, such as Cambodia, Philippines, Bangladesh, Nepal, and Vietnam, and (ii) directing giving toward the United States, Canada, and the United Kingdom.

Our donor respondents suggest that they mainly send their overseas donations via direct bank transfers or through intermediary services. Some mentioned sending their funds to international NGOs based in the U.S. or Canada to be disbursed to projects on the ground in Asia.<sup>3</sup>

China-Hong Kong SAR has a favourable regulatory framework toward cross-border giving with fewer restrictions on giving practices than most other markets in the region. There is a single registration process for organisations to support both domestic and foreign activities. Although the registration for tax-exempt charitable status with the Inland Revenue Department (IRD) can take up to a year—the longest in Asia,<sup>4</sup> registered charities can provide donors the same tax deduction for both domestic and cross-border giving with no additional permissions or reporting required as long as the donation supports service delivery domains. This applies for organisations working on overseas causes related to poverty relief, advancement of education, or advancement of religion.<sup>5</sup>

China-Hong Kong SAR has a strong legal and institutional framework for anti-money laundering and counter-terrorist financing. In addition to formal reviews to assess terrorist financing risks across non-profit organisations, the government routinely gathers information from various sources to monitor the use of funds. The IRD also conducts oversight to ensure that tax-exempt charitable activities are compatible with their charitable objectives.<sup>6</sup>



## INFRASTRUCTURE INDEX

SCORE

3.75

China-Hong Kong SAR has one of the strongest enabling environments for cross-boarder giving in the region and has a strong and vibrant social sector.

There is a large presence of diverse networks and players supporting interested donors and organisations. Many contribute to capacity building to help ensure accountability within the charitable sector and increase trust and confidence in cross-border philanthropy. For example, several organisations such as Asian

Charity Services and the Hong Kong Council of Social Service (HKCSS) provide accountability check-sheets, and training for small NGOs to help them improve their transparency practices and fundraising capacity.

China-Hong Kong SAR also has knowledge and thought leaders who provide information on regional and global philanthropic trends, such as the Centre for Asian Philanthropy and Society (CAPS).

ECOSYSTEM SUPPORT ROLE	ORGANIZATIONS	
Research institutions	<ul style="list-style-type: none"><li>• The Centre for Asian Philanthropy and Society (CAPS)</li><li>• Centre for Civil Society and Governance, The University of Hong Kong</li><li>• Bauhinia Foundation Research Centre</li></ul>	
Grantmaking intermediaries	<ul style="list-style-type: none"><li>• Global Giving</li><li>• Give2Asia Foundation Limited</li></ul>	<ul style="list-style-type: none"><li>• USB</li><li>• Charitable Choice</li></ul>
Ecosystem promoter/advocacy	<ul style="list-style-type: none"><li>• SOW Asia</li><li>• Asian Charity Services</li></ul>	<ul style="list-style-type: none"><li>• ADM Capital Foundation</li></ul>
Networks and membership organisations	<ul style="list-style-type: none"><li>• The Hong Kong General Chamber of Commerce</li><li>• Asia Society Hong Kong Centre</li></ul>	<ul style="list-style-type: none"><li>• The Hong Kong Council of Social Service</li><li>• ACCA Charitable Foundation</li></ul>
Funders of infrastructure	<ul style="list-style-type: none"><li>• HSBC Community Partnership</li><li>• Social Ventures Hong Kong</li></ul>	<ul style="list-style-type: none"><li>• Policy Innovation and Co-ordination Office</li></ul>
Philanthropy media	<ul style="list-style-type: none"><li>• HK Tatler</li><li>• HK01</li></ul>	<ul style="list-style-type: none"><li>• SCMP</li></ul>