Region Report
Eastern Asia

Regional Reviewer: Russell C. Menyhart
Institutional Affiliation: Taft Stettinius & Hollister LLP
With contributions from staff at the Indiana University Lilly Family School of Philanthropy

Overview of the Region

<table>
<thead>
<tr>
<th>Economy</th>
<th>Population 2016*</th>
<th>Capital</th>
<th>GDP Per Capita* (US $)</th>
<th>Official Language</th>
<th>Most Represented Religion**</th>
<th>Number of Registered P0s</th>
<th>Registration Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,378,665,000</td>
<td>Beijing</td>
<td>8,123.2</td>
<td>Mandarin Chinese</td>
<td>Unaffiliated (52.2%)</td>
<td>702,000(1)</td>
<td>Central, State, Local</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>7,346,700</td>
<td>Hong Kong</td>
<td>43,681.1</td>
<td>Cantonese</td>
<td>Local Religion (90%)</td>
<td>Unknown (2)</td>
<td>Central</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>51,245,707</td>
<td>Seoul</td>
<td>27,538.8</td>
<td>Korean English</td>
<td>Unaffiliated (57 %) Christian (27.6%)</td>
<td>Unknown</td>
<td>Central, State</td>
</tr>
<tr>
<td>Japan</td>
<td>126,994,511</td>
<td>Tokyo</td>
<td>38,894.4</td>
<td>Japanese</td>
<td>Shintoism (79.2%) Buddhism (66.8%)</td>
<td>54,000 (3)</td>
<td>Central, State, Local</td>
</tr>
<tr>
<td>Taiwan</td>
<td>24,269,000***</td>
<td>Taipei</td>
<td>24,023****</td>
<td>Mandarin Chinese</td>
<td>Buddhist (35%) Taoist (33%)</td>
<td>51,253 (4)</td>
<td>Central, Local</td>
</tr>
</tbody>
</table>

* Current US $. World Bank 2016
****National Statistics. Republic of China (Taiwan), 2017
(2) According to Invest HK, as of March 2010, there were over 23,300 nonprofit organizations in Hong Kong, of which 6,380 were approved charitable organizations. By 2015, it is estimated that more than 10,000 organizations were exempt from tax under Section 88 of the Inland Revenue Ordinance.
(3) GNC Association 47,000 and GNC Foundations 7,000 (Government of Japan, Cabinet Office 2017).

The Eastern Asian region of the Global Philanthropy Environment Index comprises China, Hong Kong, Taiwan, the Republic of Korea, and Japan. The history of the region is tied to the evolution mainly of China and Japan. Japan established itself as a strong political and industrial state by the late 19th century. In 1937, Japan invaded China and during World War II, became an ally with Germany against the U.S. allies. After its defeat and massive devastation during WWII, Japan took nearly three decades to revive its economy and civil society. Hong Kong and Taiwan were part of
the greater Chinese Empire under the Qing Dynasty. Hong Kong is now a special administrative region of the People’s Republic of China; however, it retains control over its political and economic systems independent from China. Taiwan is an island state in the East of China, annexed to the Chinese empire under the Qing Dynasty and later handed over to Japan in 1895. With the fall of Japan in World War II, Taiwan became part of the then Republic of China (ROC). The question of sovereignty of Taiwan is still an issue of political debate between Taiwan and China. Korea was under Japanese rule during 1905 -1945. At the end of World War II, the southern part of Korean Peninsula known as Korea established a democratic state, while a communist style government was established in North Korea.

The region has a rich socio-cultural heritage and is socio-economically diverse. Taiwan and Hong Kong together share socio-cultural similarities with mainland China in terms of ethnicity, traditional practices, food habits and language. More than 90 percent of the population in China and Taiwan are Han Chinese, while in Hong Kong 93 percent of the population are Chinese (CIA. The World Fact Book, 2016). Mandarin Chinese is the official language in both Taiwan and China, and Cantonese—a dialect of the Chinese language—is the official language of Hong Kong along with English. In 2015, the gross enrollment ratio in tertiary education in China was 43.4 percent, 63.4 percent in Japan, and significantly higher in Korea (93%) (UNESCO, 2017). In Hong Kong, there was a 100 percent gross enrollment at the secondary level in 2015 (World Bank Development Indicators) and 21.7 percent had attained the bachelors level or equivalent in 2015 (UNESCO, 2017).

The region has maintained exponential economic growth in the past decades and several economies are economic powerhouses of Asia with an annual GDP growth rate in 2016 of 6.7 percent in China, 2.8 percent in Korea, 1 percent in Japan, and 2 percent in Hong Kong (World Bank, 2016). China and Japan hold the position of the second and third largest economies in the world respectively, although in comparison the GDP growth of Japan in 2017 was lower than in China. According to the Forbes’ 30th Annual World’s Billionaires Issue, China has 251 billionaires, second only to the USA, and China’s middle class is the largest in the world with wealth between US $50,000 – US $500,000 (Forbes Corporate Communications, 2016).

Hong Kong is one of the world’s biggest financial centers. Currently a Special Administrative Region of the Peoples’ Republic of China, Hong Kong enjoys a ‘high degree of autonomy’ about its economy. Hong Kong maintains its open market economy based on international trade and finance with no tariffs on imported goods, unlike the socialist economic system in China. Its currency had been closely linked to the US dollar since 1983. Taiwan and the Republic of Korea are also important economic hubs for global manufacturing in electronic components and automobiles. Taiwan has established itself as an economic powerhouse and has maintained steady GDP growth since the early 1960s. Politically, Taiwan holds fair and transparent elections and has established stable democratic institutions, a functional bureaucracy and a vibrant civil society. The Republic of Korea has maintained rapid economic growth since the 1960s with high levels of per capita income. The country has a steady population growth of 0.5 percent since 2010 and a GDP growth rate at 2.8 percent in 2016 (World Bank). After the elections of 2017 that followed investigations of allegations of corruption and bribery, surrounding then-President Park Geun-hye, democracy in the Republic of Korea seems to have come out even stronger.
East Asia exhibits a wide range of philanthropic policies and levels of freedom. Most governments in the region provide favorable tax treatment, limited restrictions on cross-border philanthropy, and strong support for cooperation between social service organizations and the government. There are strong social and cultural philanthropic traditions across East Asia, which tend to support charity as a fundamental part of the social fabric. However, there is a stark contrast between China (score of 2.77) versus the other four East Asia participants (all over 4.0) in terms of the current philanthropic environment. As civil society is seen as a potential source of unrest by some in China, philanthropic support for advocacy organizations has become more difficult despite strong support for social service organizations. In the rest of the region, legal reforms in recent years have primarily been in the direction of increased transparency and encouragement of philanthropy.

The region faces various social and political stresses that may shift the philanthropic culture in the years ahead. An aging population and low birthrate will create a strain on government social services that may need to be supplemented by philanthropic organizations. Growing wealth, particularly in China, is leading to the emergence of mega donors and an increasing professionalization of the philanthropic sector, although still significantly less developed that in Europe and North America. While there is a shared history of philanthropy in the cultures and religions of the region, the view of current governments as to the proper role of philanthropy is much less consistent or settled.

**Figure 1. Global Philanthropy Environment Index Overall Scores, by Economy**

<table>
<thead>
<tr>
<th>REGION</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2.75</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4.05</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>4.22</td>
</tr>
<tr>
<td>Japan</td>
<td>4.37</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>4.37</td>
</tr>
</tbody>
</table>

*Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index*
Key Findings

1. Philanthropy is growing along with the economy

Modern philanthropy in Eastern Asia is the result of the state's economic progress and the growing interaction with western nations. In its modern sense, philanthropy is an emerging sector; although giving and doing social good through community engagement, sharing time and wealth is part of the socio-cultural traditions of ancient Japanese, Chinese and Korean societies. The teachings of Confucianism, Shintoism, Buddhism and Taoism are permeated by notions of social harmony, individual happiness and social welfare. Historically, in several of the economies in the region, the impact of colonialization, the economic devastations after WWII, the communist movement, and the Korean War, along with the rise of authoritarian regimes, have deconstructed these traditional values and practices and weakened civil society organizations.

The legal forms of philanthropic organizations in this region include association, foundation, trust, society, endowment, limited liability companies, cooperatives and social groups. There are also a number of international nonprofit organizations and groups (e.g. Red Cross, Amnesty International, Rotary Club, Lions Club) working closely with the governments and the local organizations. The key focus of the POs in this region are in areas of education, health and medical research, economic growth, youth and family and environment.

The Doing Good Index 2018, published by the Center for Asian Philanthropy and Society, places Japan and Taiwan, together with Singapore, as the economies where regulations, tax and fiscal policies, socioeconomic and cultural context and opportunities for nonprofits (procurement) are in better shape, although not to its full potential yet. Specifically in the case of Japan, the country has enacted multiple laws that make understanding the sector rather complex. Currently, the Japanese civil society organizations are broadly divided into more than ten legal entities regulated by different laws and answering to different government agencies: for example, Public Interest Corporations (PICs), General Nonprofits Corporations (GNCs), and Specified Nonprofit Corporations (SNCs). By the end of 2017, there are about 47,000 GNC Associations and 7,000 GNC Foundations (Government of Japan, 2017). The current number of SNCs is roughly 52,000 and approximately 1,100 are approved for tax-deductible status (Government of Japan, 2017). SNCs operate autonomously under citizen supervision with little government intervention. However, in Japan, the enactment of the Nonprofit Organization Law in 1997 reformed the nonprofit sector and led to the creation of a great number of Specified Nonprofit Corporations (SNCs). Prior to the enactment of the law, the government was primarily responsible for the provision of public services and goods in Japan and did not recognize the role of nonprofit organizations in social service. A comparison of the Kōbe (1995) and Tohuku (2011) post-disaster response in Japan (Leng, 2015) shows positive changes in active collaborative efforts between government and the nonprofit sector, participation and organization of nonprofits, volunteer mobilization, foreign assistance, and effectiveness of response, attributable in part to changes in government policies between 1995 and 2011 to increase collaboration with nonprofits.

In China, although charity is a big part of the ancient Chinese society, the nonprofit sector was suppressed by the communist government. Nonprofit organizations emerged later in the 1990s, when the country achieved economic progress and the state allowed nonprofit organizations to get involved in social service and disaster relief. The number of nonprofit organizations has grown
exponentially in recent years, although there is still a significant number of unregistered philanthropic organizations. A great number of registered philanthropic organizations in China are either government operated (GONGOs) or maintain close ties to respective government agencies. This indicates strong state dominance. The Chinese government, however, has reiterated its focus on the reform of the nonprofit sector. The reforms in the nonprofit sector started in 2011 with the “social management innovations” five-year plan (2011-2015). This period was followed by the government of Xi Jinping focusing on social governance instead of social management. The Charity Law (2016) and the Foreign NGO Management Law (2017) are important developments in this direction; however, these laws, as we will see later, also hint at the government intentions to strengthen regulations on civic engagement and emerging philanthropic ventures.

Philanthropy of the wealthy has also grown significantly in the region in recent decades. According to the 2015 Coutts Million Dollar Donors Report, the total value of million dollar donations jumped by a third in 2014. According to the Forbes’ 30th Annual World's Billionaires Issue, China has 251 billionaires (Forbes Corporate Communications, 2016). Donations from the top 100 Chinese philanthropists have tripled to US $4.6 billion between 2010 and 2016 (Harling & Tung, 2017). The 2015 Coutts Report shows also an expanding trend in Hong Kong calling 2014 the year of the mega-grants, with 128 donations amounting to US $2.67 billion. This compares very favorably to the mainland China with 208 donations amounting to US $3.61 billion. Nevertheless, in general the growth of the nonprofit sector in Hong Kong has been uneven. Although the sector gained stability between the 1970s and the early 1990s in providing social services with the financial support from the government (Lam and Perry 2000), in the post-1997 period of transition of Hong Kong to a Special Administrative region of China, state funding for social services decreased. Since then, the nonprofit sector has faced significant funding challenges, resulting in strained relationships between the government and the nonprofit sector. Additionally, the lack of fiscal regulations in Hong Kong has raised concerns and questions regarding the transparency and accountability aspect of the sector in terms of possible money laundering and other financial fraud (Chan & Lam, 2015).

Taiwan and the Republic of Korea share a history of popular mobilizations to install democratic regimes, resulting especially in the case of the Republic of Korea in a civil society with strong democratic values (Jung, 2011). In Taiwan the welfare approach adopted by government after the lifting of the martial law in 1987, led to the formal establishment of nonprofit groups and organizations and higher levels of collaborations with government. Nowadays, Taiwan has a growing and vibrant sector considered as an important ally with government in the development of social goals and receiving government support through grants, tax deductions and assistance. The nonprofit sector has also taken a more active role in its state-society relationship by engaging in foreign policy, and nonprofit organizations are acting to promote Taiwan’s soft power abroad (Center for Asian Philanthropy and Society, 2018b). In the Republic of Korea, philanthropic organizations took shape after the 1980s because of the mutual aid program provided by the United States and other developed Western nations and the social development agendas of the governments installed after 1963. Corporate philanthropy came later in the 1980s, led by the corporations such as Samsung and Hyundai, and developed alongside economic progress (Kang, Auh & Hur, 2015). The government has also mobilized resources to strengthen the nonprofit sector to assist in social welfare and relief efforts. Currently Korean philanthropy is a byproduct of past tensions between the government and the civil society, with many advocacy groups concerned with issues such as the environment, women’s rights, and social justice (Center for Asian Philanthropy and Society, 2018b).
2. Less freedom to operate in authoritarian states

In Japan, Hong Kong, and the Republic of Korea freedom of association and free speech are guaranteed by their respective constitutions. In Japan, the process of registering some kinds of nonprofit is rather simple; for example, General Nonprofit Corporations (GNCs) do not require prior approval, and Specified Nonprofit Corporations (SNCs) can be easily certified and authenticated by prefectural governments and registered at a registry office. In the Republic of Korea and Taiwan, registration is free for charity organizations, and is required for access to grants and other financial purposes. Taiwan’s law allows foreigners and stateless persons with alien resident certificates to set up POs. Unlike the Republic of Korea or Taiwan, China presents barriers to individuals or groups setting up philanthropic organizations. Individuals with limited civil capacity, or with a record of crime or punishment, cannot be the founding members of a charitable organization in China. In Hong Kong, the registration process for philanthropic organizations is quick, inexpensive and generally consistent. The registration process of philanthropic organizations in China is arduous with multiple barriers and greater regulatory controls on charities, especially in the advocacy sector.

Figure 2. Scores on Ease of Operating Philanthropic Organizations, by Economy

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Taiwan</th>
<th>Republic of Korea</th>
<th>Hong Kong</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form a PO</td>
<td>2.3</td>
<td>4.5</td>
<td>4.6</td>
<td>4.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Operate a PO</td>
<td>2.8</td>
<td>4.5</td>
<td>4.6</td>
<td>5.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Dissolve a PO</td>
<td>1.5</td>
<td>4.5</td>
<td>4.8</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Ease of Operating a PO</td>
<td>2.20</td>
<td>4.50</td>
<td>4.67</td>
<td>4.83</td>
<td>4.83</td>
</tr>
</tbody>
</table>

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index

In terms of operation, philanthropic organizations in Hong Kong, the Republic of Korea and Japan are free to operate autonomously without any government intervention in their internal affairs and means of communication. The Korean National Security Law, however, strongly restricts any "political" or extremist activities, especially activities with North Korea. Similar to the Republic of Korea, philanthropic organizations in Taiwan, mainly charities, and academic, health, medicine, social services and sports organizations, are required to have at least one representative meeting every year. The operational freedom for philanthropic organizations is very low in China. The Charity Law of 2016 imposes heavy restrictions on the operation of philanthropic organizations, which are
reduced for organizations working closely with government agencies or in the state approved public services areas. Additionally, public fundraising is not allowed without permission.

In terms of shutting down philanthropic organizations, all regulatory frameworks establish the ability of the governing body to freely and voluntarily terminate the organization under different circumstances. However, there are cases like Taiwan where associations can be terminated by the regulating authority for various reasons, such as violation of the law, bankruptcy, inactivity or division. China has the lowest score since the government can revoke the registration of philanthropic organizations (Charity Law, Article 17), and forceful shutdown by the government is possible without any reasonable cause. For example, the Beijing Zhonghe Women’s Legal Counselling and Service Center was shut down in early 2016. Conversely, government discretion in shutting down philanthropic organizations in Hong Kong and Japan is rare. However, in Japan the court can issue a dissolution notice to a General Nonprofit Corporation for unlawful activity or violations of terms of operation. The prefectural government can terminate a Specified Nonprofit Corporations if it does not maintain its legal, operational requirements.

3. Tax systems are favorable for charitable giving with few exceptions

With the highest ranks, the Republic of Korea offers tax incentives for charitable giving in the form of credits to individual donors and deductions for corporate donors. In Japan, tax deductions are available for individuals donating to approved Special Nonprofit Corporations and Public Interest Corporations. Not all SNCs have the privilege of tax deduction status; approval from the prefectural government is needed. Once approved, they are recognized as Approved SNCs and earn tax-deductible status. Corporations are also allowed corporate tax deductions. The tax systems in Taiwan and Hong Kong are also favorable for individuals and corporations, while the tax system in China allows tax exemption only to donors with legal status and natural citizenship. In China, the deduction procedure is unclear and time consuming and, hence, challenging for individual donors. China allows corporate donors a deduction of up to 12 percent of its profit for the current year. However, for philanthropic organizations in China, it is hard to obtain a tax-exempt certificate, and corporate donations to POs without a tax-exempt certificate are not eligible for tax deductions.

Figure 3. Scores on Tax Incentives, by Economy

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Taiwan</th>
<th>Hong Kong</th>
<th>Japan</th>
<th>Republic of Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making Domestic Donations</td>
<td>2.5</td>
<td>4.0</td>
<td>4.5</td>
<td>4.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Receiving Domestic Donations</td>
<td>2.3</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Tax Incentives</td>
<td>2.40</td>
<td>4.00</td>
<td>4.25</td>
<td>4.25</td>
<td>4.40</td>
</tr>
</tbody>
</table>

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
The tax system in China is not favorable for receiving charitable donations either. Fundraising is also heavily restricted. Obtaining fundraising credentials and certificates from relevant authorities is highly complicated. By contrast, the Republic of Korea, Japan, Taiwan and Hong Kong offer clear and consistent procedures for tax exemptions on receiving domestic donations. In Japan, charitable donations made to Public Interest Corporations or General Nonprofit Corporations are not subject to corporate income tax. Similarly, in Taiwan, the Income Tax Act allows for tax exemption for charitable organizations along with educational, cultural, public welfare organizations. In Hong Kong, charitable organizations working in education, social services, culture and religion are automatically tax exempt. In the case of rights based or advocacy groups, the authorities maintain certain restrictions in reference to tax exemptions.

4. **The legal framework for cross-border philanthropy tends to be favorable in most economies**

The legal environments in Hong Kong, Japan and the Republic of Korea are highly favorable for sending and receiving cross-border donations. The regulatory framework in Hong Kong treats sending cross-border donations as local donations as long as the philanthropic organizations are locally registered. For instance, international organizations such as Oxfam or Save the Children or World Vision with local chapters registered in Hong Kong can solicit local donations to support causes overseas. These charities also receive tax exemption as long as their stated purpose falls under the categories exempted by the Hong Kong law. Similarly, the regulatory environment in the Republic of Korea allows for sending cross-border donations up to US $50,000. It also provides tax benefits to donors if the receiving organization is registered as an eligible recipient. Japan allows tax deductions on corporate cross-border donations up to certain limit. Individuals do not qualify for tax benefits on sending cross-border donations. Individuals however receive tax benefits on domestic donations to the approved Specified Nonprofit Corporations or designated Public Interest Corporations that are eligible to spend money on charitable activities abroad. Taiwan allows outbound cross-border donations only with permission from the regulating authorities for specific causes such as disaster relief or earthquakes, and it does not allow tax deductions on sending cross-border donations. China scores the lowest among the states in terms of sending cross-border donations. There are no legal provisions for tax deductions on sending overseas donations. Further, the Chinese government regulates the outbound cross-border donations through the State Administration of Foreign Exchange Notice (issued in 2009).
Hong Kong, the Republic of Korea, and Japan also maintain a highly favorable legal framework for receiving cross-border donations. Due to international money laundering challenges, the authorities and banks may take cautions in the case of substantially larger amounts of cross-border donations. Japan’s regulatory framework is favorable for Public Interest Corporations (PICs), Specified Nonprofit Corporations (SNCs), and Approved Specified Nonprofit Corporations to receiving cross-border donations with tax benefits. In Taiwan, there are no restrictions on receiving cross-border charitable donations; however, philanthropic organizations require prior permission to receive foreign donations. Unlike Hong Kong or Japan, the regulatory framework for inbound cross-border donations in China is very restrictive. The Charity Law (2016) in China makes provisions for tax exemption from import duties and from import VAT, but the regulation on how to process the exemption is not clear. The Notice of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Donated to or by Domestic Institution (2009) is a major hurdle for domestic philanthropic organizations receiving or donating to foreign causes. In China, domestic organizations that receive cross-border donations are subject to government monitoring and active police surveillance, and international nongovernmental organizations are required to register and have government supervisors and report cross-border funding (Reuters, 2016).

5. Moderate to favorable political environment

Several economies in this region reflect an environment of collaboration between philanthropic organizations and the government for the delivery of social services. In China, the organizations working in the areas of education, social services, health and other government directed services enjoy considerable freedom of operation, funding and access to government resources. As part of the “social management” program, the Chinese government offers a great number of contract projects to philanthropic organizations providing social services, but these organizations cannot
participate in policymaking. A great number of civil society organizations in China are either government operated or with strong ties to certain government agencies. The political governance system is very favorable towards these organizations. The Charity Law (2016) adopted by the Chinese government also supports the development of such philanthropic organizations (Chin 2016). However, the high regulations in the field of advocacy and on the activities of international organizations makes the environment for philanthropy one that is highly restrictive, where organizations working on issues such as human rights, women’s rights or environmental protection find many barriers to operation. Similarly, in Hong Kong public policies and practices are favorable for philanthropic organizations working in education, social service and health. However, the government discourages public to donate money to human rights groups or similar organizations.

Figure 5. Scores on Political Environment, by Economy

![Score Chart](image)

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index

After the Great Hanshin Awaji Earthquake (Köbe) in 1995, the Japanese government and Japanese civil society came together to create a favorable political and governance environment for nonprofit groups and activities through various Acts and legal provisions. It led to the enactment of the Nonprofit Law in 1997, followed by other reforms. Now, the government is supporting the role of nonprofits in fostering community leadership, promoting arts, educating, and developing fundraising capacity. The current policy change in the use of dormant deposits by the private sector to promote public interest activities is a step further in the direction of creating favorable public policy for the nonprofit sector in Japan. The public policies and practices have gradually become favorable to philanthropic groups and activities. In 2016, Japan passed the Act on Utilization of Funds Related to Dormant Deposits to promote public interest activities by the private sector (Government of Japan, 2017). Effective from 2018, this Act will allow dormant deposit accounts held by banks to be dispersed in support of various social purposes, especially children, youth, disadvantaged populations, and community development. This will significantly affect the Japanese nonprofit sector in the near future.
In the Republic of Korea and Taiwan, governments consider the philanthropic sector as equal partners in promoting the social economy. The role of nonprofit organizations in social development is well recognized in the region. The Korean government creates opportunities for nonprofits to participate in policymaking and implementation and undertaking of public functions. The philanthropic organizations in the Republic of Korea are also free to provide access to training, resources, networking opportunities and funding, and there are laws and programs to prevent corruption. The Korean government occasionally gets involved in the operation of philanthropic organizations, causing overlapping among government agencies and affecting the self-governance and voluntary features of the philanthropic sector. Philanthropic organizations in Taiwan deliver public services and serve as change agents with government support and funding. Similar to the Republic of Korea, the Taiwanese government promotes philanthropic values and allows philanthropic groups to access resources and opportunities. In contrast, the political governance system in China and Hong Kong are not favorable for advocacy organizations.

6. Cultural traditions support charitable giving

Philanthropy is rooted in the beliefs and practices of Confucianism, Taoism, Shintoism and Buddhism that focus on the value of the community, and human interactions based on solidarity, trust and altruism. Charity is a big part of the traditions in the region where the increasing understanding of civil society, sustainable growth and social economy has brought into focus the societal values of coalition-building, solidarity and reciprocity to create a supportive environment for modern philanthropy. The religious culture in East Asia favors prosocial behavior of religious giving that also includes an element of self-interest in the form of merit accumulation for future generations. In some parts of the region, the post-war period brought about corporate philanthropy focused on economic advancement through the development of science and technology, which has positively influenced economic ties with international allies. The concept of social harmony is deeply rooted in the tenets of Confucianism, Buddhism and Taoism in this region. In recent years, desire for social harmony through philanthropic ventures has been echoed in the voices of many Chinese philanthropists. “The ultimate goal of our endeavor is to achieve a harmonious society”, says billionaire Cho Tak Wong (cited in Harling and Tung, 2017). The notion of social harmony is expected to continue and influence more donors and future philanthropists of the region.

Figure 6. Scores on Socio-Cultural Environment, by Economy

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
During the Cultural Revolution (1960s-1970s) in China, most of the traditional and religious values were destroyed. The state’s focus on economic development and material progress in China during the 1980s and 1990s also suppressed the traditional values of virtuous living. This explains why charitable giving is lagging behind in China. China ranked 138 among the 139 economies in 2017 World Giving Index (CAF World Giving Index, Nov 2017). In 2014 giving as a percentage of China’s GDP was only 0.1 percent (Lu, 2017). However, the public perception of modern philanthropy and the role of philanthropic organizations is changing for the better in China (Wang et al., 2015; Johnson & Saich, 2017). Chinese business persons are coming forward to play major roles in developing corporate philanthropy.

In Hong Kong, the philanthropic culture has been shaped by voluntary services organized by individuals, schools and community groups. Philanthropic organizations in Hong Kong have earned public trust and are generally free of corruption. This is not the case in all economies in the region. One of the main themes of the recent publication by the Center for Asian Philanthropy and Society (2018b) mentions “lack of trust” as a significant impediment to increased giving (p.3). This lack of trust is due to “ambiguity between organizations that advocate and those that deliver services, scandals that periodically make the front page, the perception that many organizations are not transparent and accountable, and a historical tendency for the best and the brightest to go to other sectors” (Center for Asian Philanthropy and Society, 2018b. p. 3). This seems to be especially the case in China.

In Japan, corporate giving has outpaced individual giving for a long time. This is partly a result of the economic success of Japan and also a collective effort by the Japanese leaders and businessmen to promote philanthropy and citizenship. The attitude towards giving also comes from their traditional beliefs and values (Onishi, 2017). In Japan, devoting time, energy, and money to social causes is considered a contribution to a higher cause. Japanese civil society and the government have come forward with legal procedures to focus on social causes. The Japanese government decision to use dormant bank deposits for social development purposes is a big step towards creating social harmony (Japan Cabinet Office, 2018). The Japan Fundraising Association also launched several initiatives under its “Giving December campaign”, such as student led charity events and campaigns on writing haiku or senryu (Japanese poems) about philanthropy to promote the culture of giving (Japan Fundraising Association, 2015). This is significant for the future of Japanese philanthropy.

7. The future of philanthropy

Billionaires’ philanthropy. The Chinese government is motivating the industrialists, entrepreneurs and expatriates to take up social responsibility through corporate philanthropy. With its economic progress, an eco-system for giving is slowly evolving in China and giving among the wealthy has increased. Domestic and overseas donations to China are increasing (US $16 billion in the year 2014) and of the 200 wealthiest individuals in China, 46 now have foundations (Harling & Tung, 2017). The small island of Taiwan, on the other hand, had four Taiwanese included in the Forbes list of the most notable philanthropists in the Asia-Pacific region in 2014. The recently published list of the Asia’s 2017 Heroes of Philanthropy (Koppisch, 2017), includes similar numbers of philanthropists from China (5), Hong Kong (3), Japan (3), the Republic of Korea (4), and Taiwan (3). One of the reasons given for this rise of billionaires’ philanthropy is inter-generational wealth
transfer, as some families are using philanthropy as a way to pass down values—as well as assets—to the next generation (Zhang, 2015).

**Strategic philanthropy.** As new entrepreneurs get more involved in philanthropy, the trend is to engage in more organized, systematic and wide-scale approaches to philanthropy with a clear purpose and strategy to achieve the expected goals. A young generation of professionals motivated by creating impact are taking important positions in family businesses and foundations and focusing contributions on specific causes. These wealthy groups of philanthropists are mostly first-generation entrepreneurs motivated by their personal passion and philanthropic goals to provide long-term solutions and give back to society locally or internationally (Johnson & Saich, 2017). For example, an emerging trend in the Japanese philanthropic sector is to focus on non-traditional philanthropic initiatives such as impact investing. In 2017, the Japan Association of New Economy proposed a grand plan to promote venture philanthropy and impact investing markets in Japan (Japan Association of New Economy, 2017).

**Focus on social causes.** Billionaires are increasing their focus on social causes like education and welfare of children as priorities in their philanthropic ventures (Harling & Tung, 2017; Johnson & Saich, 2017). Education as seen by many Chinese philanthropists is a means to alleviate poverty, create equal opportunity, and promote equity and sustainable economic growth. It also echoes the Chinese cultural importance given to education for centuries. The Chinese government also approves philanthropy in the education sector and hence, the sector gains a higher priority due to government regulatory practices. Similarly, in Japan, after multiple disasters in the past, nonprofit organizations are focusing on food security, sustainable development, children and health. Currently, Japan is facing the challenge of having a large elderly population.

**Deeper partnerships between government and the nonprofit sector.** Philanthropy is seen as a new tool for social development by the states in this region. In the Republic of Korea, the focus on social economy has led to the emergence of several types of organizations such as ‘social enterprise’, ‘community enterprise’, ‘self-supporting enterprise’, ‘social cooperatives’ and so on. The shift in the government supported organizational model has increased social activism, innovation and understanding of the nonprofit sector and is expected to expand the scope of philanthropic services in the future. Similarly, in Taiwan, the partnership between the government and the nonprofit sector is critical for the growth of philanthropy. This trend of partnership between the state and the nonprofit sector is expected to continue in the near future. In China, as the country establishes itself as a regional economic powerhouse, its government is paying close attention to improving the quality of life and corporate social responsibility. China is heading towards developing a public and private partnership with the nonprofit sector in a service role (as opposed to advocacy). The government is allowing greater access to resources and networking opportunities to service-oriented nonprofit organizations working in education, poverty alleviation, and promotion of sports, health and culture. This trend is expected to continue and Chinese civil society will gain immensely from the interaction.
References


