CHAPTER 14 INTERNATIONAL AND CROSS-BOUNDARY ORGANIZATIONS

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I. Definition, methodology and background

Definition

International Classification of Nonprofit Organizations (ICNPO)\(^1\)

1 The ICNPO as developed by JHU researchers defines international organizations as “organizations promoting greater intercultural understanding between peoples of different countries and historical backgrounds and also those providing relief during emergencies and promoting development and relief abroad.”\(^2\) This includes the following sub-groups:\(^3\)

- **Development assistance organizations** – programmes and projects that promote social and economic development internationally.
- **Disaster and relief organizations** – organizations that collect and distribute aid to other communities in times of crisis.\(^4\)
- **Friendship/cultural exchange programmes** – programmes and services intended to foster intercultural tolerance and international friendship.
- **Human rights and peace organizations** – organizations that promote and monitor human rights and peace on an international level.

Application in the Hong Kong SAR

2 The ICNPO was used as the basis for classification of organizations for this study. Organizations have been classified as international organizations based on: (1) the geographic scope of their operations and activities and (2) the nature of their operations and activities.\(^5\) However, owing to the particular circumstances of the Hong Kong SAR, the scope of the sector has been broadened to include cross-boundary organizations – i.e. organizations with cross-boundary operations or activities.\(^6\) However, the term “international” will be used throughout to refer to both international and cross-boundary organizations.

Methodology

3 A discussion of the methodology used in this Study is provided in Appendix I.

Background

4 Little information is available regarding the activity of international organizations\(^7\) in Hong Kong before World War II. These organizations included locally-founded organizations, primarily philanthropic groups based on kinship or cultural ties, and organizations “transplanted” from Europe or North America, many of which were affiliated with Christian groups.\(^8\) Most organizations appear to have concentrated on providing services such as medical aid or education to communities in mainland China.
In the post-war period, several development assistance organizations based in North America and Europe set up Hong Kong offices in response to the welfare needs of the Hong Kong community. Agencies such as the United Nations High Commissioner for Refugees (UNHCR) and the Red Cross initiated projects in Hong Kong during the 1950s in order to provide services for the local population. Other international bodies established Hong Kong offices in response to specific local emergency situations, for example, typhoons and epidemics. Given the extent of community need in Hong Kong, the focus of activity was local rather than international. Most of these groups relied heavily on foreign resources and expertise in providing services such as medical care, housing and education. Many offered programmes targeted at children, including child sponsorship schemes and child health projects.

The situation began to change during the 1970s due to improvements in the living conditions of most Hong Kong residents. This, coupled with the emergence of local welfare organizations, meant that the services provided by international bodies were less necessary for the Hong Kong community. Although this could have prompted an exodus of international agencies from Hong Kong, the improvement in social and economic conditions meant that Hong Kong was increasingly attractive to organizations as a base for regional operations. Although some international bodies continued to provide services for the Hong Kong community, the majority of them narrowed their focus to a specific group within the community, such as refugees or foreign domestic helpers.

One scholar, Ren Yue, notes that the majority of Hong Kong’s international organizations have been established since the 1970s, “when the territory emerged rapidly as one of the major international centres in trade, finance, shipping and the service industry. Its economic growth helped Hong Kong to establish more ties with the international community, and as part of this transition, the number of international NGOs mushroomed.” Rather than being regarded as a community in need of foreign resources and expertise, Hong Kong was now viewed as a potential source of resources, particularly financial resources. Moreover, it enjoyed several advantages over other Asian cities, including a non-interventionist government and an independent legal system. These advantages were enhanced during the 1980s by the availability of high skill levels in Hong Kong and its status as an international financial centre. Equally significant was Hong Kong’s role as a gateway to mainland China. Indeed, the opening up of China in the late 1970s had a major impact on Third Sector activity in Hong Kong as this enabled many international organizations to initiate projects on the mainland for the first time.

In terms of local Third Sector development, the emergence of a number of Hong Kong-based international agencies during the 1980s and 1990s points to key changes in the level of awareness and activism of Hong Kong people. For example, the Hong Kong offices of Amnesty International, Oxfam and the United Nations Children’s Fund started as volunteer groups formed for the purposes of raising funds and support for the respective organizations.
Significantly, several new organizations founded by Hong Kong residents were also established during the 1980s and 1990s.  

International bodies established in Hong Kong during this period differed from older initiatives in several key respects. Perhaps the most obvious difference was the increased attention to activities other than provision of welfare services, including cultural exchange and advocacy. For example, almost all of the international human rights groups in Hong Kong have been established since 1980. Even those international groups focused primarily on service provision showed an increased tendency to regard advocacy as part of their activities. Some organizations also adopted a more regional focus, which resulted in new links to third-sector bodies in other parts of Asia.

Foreign-founded international organizations in Hong Kong also underwent important changes as a result of the decentralization of many large multinational bodies in the mid-1990s. Due to demands for a greater degree of local autonomy, these organizations began to replace the centralized management model with a “franchise” or partnership model. This enabled the Hong Kong offices of multinational agencies to exercise greater control over resource allocation and project development. At the same time, the need for local expertise and local management also forced offices to prioritize staff and volunteer development.

Most recently, the 1997 transition in sovereignty in Hong Kong has been an important milestone for international bodies. A 1997 telephone survey just prior to the transition indicated anxiety among Hong Kong’s international organizations regarding the feasibility of the “one country, two systems” model. Issues of primary concern included freedom of activity and freedom of association with other international groups. A number of Hong Kong’s international organizations did relocate to other parts of Asia during the late 1990s. This may have been partly due to fears regarding government repression in the post-1997 period. However, the departure of international bodies from Hong Kong also reflects the increased attractiveness of other Asian cities, primarily Bangkok and Manila, as centres of Third Sector activity.

II. Overview of sector

Catalogue

Population

Relative to Hong Kong’s Third Sector as a whole, the number of international organizations in Hong Kong is fairly small. Table 1 presents an estimated breakdown of population in terms of subgroup.
At the same time, there is a high level of diversity within the sub-sector in terms of aims, activities and structure. Moreover, the nature of a group’s activities does not appear to be a significant determinant of organizational characteristics. In other words, available data do not show any necessary similarities between development assistance bodies or human rights and peace organizations in terms of structure.

Available data seem to suggest that the most significant differences between international organizations reflect their history and origins. These differences include the number of staff members and volunteers, breadth of activities, geographic scope, expenditure and income patterns and governance. In general, organizations founded in Hong Kong tend to be younger, smaller and less institutionalized and more specialized than those originating outside of Hong Kong. By contrast, foreign-founded groups tend to be more experienced, have larger offices and budgets, engage in a greater number of activities and have a more fixed institutional structure. The contrast between locally-founded and foreign-founded organizations points to the absence of a long-standing tradition of international work in Hong Kong and also suggests that there is considerable potential for sharing of expertise and information between local and foreign bodies. Clearly, this is an area for further study.

Geographic scope

To a significant extent, the geographic scope of international organizations is determined by the changing situation on the ground worldwide. This is equally true for disaster and relief agencies, which tend to have operations in areas of extreme humanitarian need, and for friendship and cultural bodies, which tend to have operations in more stable and cosmopolitan communities. The location of overseas operations is also determined by the agenda of individual groups. Thus, the geographic scope of an organization reflects both external considerations (validity of local needs, security, attitude of the host community and local authorities, existence of other aid programmes in the area, etc.) and internal considerations (values of the organization, cultural/religious affiliation, level of donor commitment, etc.).

Most international organizations in Hong Kong allocate a significant percentage of resources and services to the Asia region and to China in particular. This reflects practical considerations (cost of shipping, familiarity with Asia, etc.) and the priorities of Hong Kong donors. In this sense, although Hong Kong’s international bodies are focused on activities overseas, in practice, many function as regional organizations with international projects. Furthermore, over half of the groups interviewed have significant levels of activity in Hong Kong in terms of service provision, i.e., the organization provides services to the Hong Kong
community that are comparable to services it offers in other communities where it is active.

**Role in economy**

17 International organizations are a source of local employment and expenditure, although the direct multiplier effect in terms of the economy is likely to be minimal. The indirect impact of international bodies on the Hong Kong economy is far more significant, although this is also more difficult to measure.

18 On a basic level, international organizations facilitate cultural exchange and awareness, factors that increase Hong Kong’s competitive edge as “Asia’s World City.” The activities and operations of international groups contribute to Hong Kong’s role as a global crossroads for the exchange of products, services and ideas. International organizations foster greater understanding of international issues and increased sensitivity to international needs and cultural differences. This is crucial in maintaining Hong Kong’s status as a diverse and tolerant community.

19 At the same time, the work of international bodies helps to raise Hong Kong’s profile in the international community. The author Gerald Chan notes that the existence of international organizations within a country “is often taken as an indicator of the level of economic development and the pluralistic nature of its society.” Yue suggests that the activity of Hong Kong’s international organizations have “enhanced its cosmopolitan status” and describes the development of Hong Kong and the parallel emergence of its Third Sector as “a mutually reinforcing process…the multiple links of Hong Kong NGOs with the world have in turn expedited the territory’s political, economic and social development.” The scholar Miguel Santos Neves agrees that participation of Hong Kong in international organizations “is a fundamental part of Hong Kong’s international status” and argues that Hong Kong’s international organizations “give the HKSAR visibility, international exposure and reinforce Hong Kong’s image as a responsible member of the international community.”

20 International agencies also contribute to economic development by increasing local expertise on international issues and upgrading the capacity of local bodies. Local employees of international organizations may become familiar with international legal issues or medical problems. This kind of expertise has direct relevance on both a regional and a global level. International bodies also provide important opportunities for professional development, whether through employment or volunteer programmes. Sociologist Nan Lin identifies this transfer of skills and information as a source of social capital within communities.

**Role in society**

21 International organizations play an important role in society, both in Hong Kong and internationally. As might be expected, most of them concentrate on activities overseas. However, of the 11 organizations interviewed, over half have
significant levels of activity in Hong Kong and contribute to the local community in key ways.

Service Provision

22 The following is a breakdown of the general types of services provided by international organizations. Given the diversity of their activities, it is not within the scope of this study to list out and describe each service.

Emergency services

23 Emergency services are provided in situations where the needs of a community, group or individual are urgent and immediate. The aim is to provide direct relief to those who are in crisis. Although emergency operations may evolve into development projects once the immediate crisis has been addressed, the initial focus is on providing services rather than increasing local capacity. Services offered may include some or all of the following:

- Provision of goods, including foodstuffs, clothing, household goods, tools, etc.
- Medical aid, including provision of medical supplies and equipment, medical services, upgrading of local facilities, preventative campaigns, etc.
- Transportation
- Accommodation
- Legal aid, including legal representation, advice and information
- Support, including counselling, peer groups, etc.

24 One of the groups interviewed is a disaster and relief body. Its operations during the Angola famine in 2002 provide some indication of the nature and scope of its activities. It distributed emergency food supplies to the community and established 44 feeding centres at which over 14,000 people were treated. It also carried out a vaccination campaign to prevent an outbreak of measles. A total of 174 volunteers and 2,200 local professionals were mobilized.

Development assistance

25 Most international bodies engage in activities to assist in the development of local communities. The communities in which these organizations work may be affected by many of the same factors that result in emergency situations and the services provided to the community are likely to be similar to those described above. The distinction between development and emergency operations is in the urgency of these needs and in the emphasis on local capacity.

26 Training to increase local capacity may include lectures, community programmes, professional development opportunities, scholarship programmes, etc. For example, one of the development assistance organizations interviewed works with the poor and handicapped in rural areas of mainland China. However, it says the real value of its work lies in the training that Hong Kong volunteers provide for local professionals. About 260 local professionals have participated in its training programmes. By providing training, the group hopes to facilitate
improvements in the quality of services available in China that are sustainable and far-reaching. Similarly, one of the human rights bodies interviewed provides information and training for community groups throughout Asia. It says that the response from communities has been very positive because the focus is on practical tools and skills rather than on an abstract discussion of human rights.

International exchange

27 International organizations seek to raise the international understanding of communities through cultural exchange and increased awareness of international issues and events. This is important in promoting tolerance between and within societies. For example, friendship and cultural exchange programmes are intended to provide participants with opportunities for international travel and cultural immersion. One of the friendship/cultural exchange organizations interviewed offers exchange programmes for students and educators. It says that Hong Kong students are often at a disadvantage in applying for exchange programmes because they tend to be more introverted and academic than students elsewhere. However, the organization believes it is important to continue to offer opportunities for international exposure specifically for this reason and says its work helps to raise international awareness and tolerance in the wider Hong Kong community.

28 The work of Hong Kong’s international bodies also contributes to Hong Kong’s profile in the international community and its status as a centre for third-sector activity. International third-sector activity has traditionally been dominated by European and North American groups. Several of the organizations interviewed suggested that Hong Kong could play a key role in developing an Asian approach to international issues. Moreover, contact with overseas communities and other international organizations present opportunities for the exchange of information, resources and skills. This is extremely valuable in upgrading the capacity of Hong Kong groups and increasing the international awareness of the community as a whole.

Critics and watchdogs

29 International organizations seek to raise public awareness of specific issues and events. Their work in communities overseas provides them with a unique perspective on local and international issues. In many cases, they are the only bodies to gather first-hand information about a situation. In addition, because international agencies work directly with grassroots organizations and other local groups, their account of a situation may be more accurate than official or media accounts. Many international bodies see themselves as a voice for people in need. They seek to raise public awareness of stories that have been overlooked or forgotten. While organizations regard increased awareness of international issues as an important step in addressing the needs of overseas communities, many also see increased awareness as important for Hong Kong people. Increased awareness of international issues helps Hong Kong to become a more sophisticated, compassionate and outward looking community.
International and Cross-Boundary Organizations

Intellectual and visionary

30 International organizations serve as an important source of information and analysis. The fact that they are not focused on making a profit may allow them to adopt a more innovative and multi-disciplinary approach in examining problems and developing solutions.\textsuperscript{41} Organizations may offer valuable insights on how existing needs can be met in better ways or suggest ways to use limited resources more effectively. Their access to local communities also gives them a special understanding of the actual needs of community members. Resource limitations may also be an impetus for creativity among international bodies. Because third-sector organizations do not have access to the same resources as for-profit companies, they may be forced to develop innovative models and strategies.

31 One of the organizations interviewed is a Hong Kong-based development assistance body that provides goods to community groups and institutions worldwide. Its experience in this area indicated the urgent need for greater networking between the many different groups involved in gifts in kind (GIK) transactions worldwide. The current non-regulation of humanitarian aid means that GIK transactions may not be driven by actual community needs. This results in inappropriate matching of need and product and may also damage the local economy, for example, when donated product competes with domestically-produced product.\textsuperscript{42}

Advocacy

32 Many international organizations regard advocacy on a local and international level as an essential aspect of their activities. Such groups may seek to change existing policies or introduce new ones in response to specific issues and events. Some organizations describe advocacy on behalf of communities as an obligation. They seek to provide a voice for communities in need with government and the general public.\textsuperscript{43} Advocacy may also be in relation to policies that affect the operations of third-sector organizations. In 2000, a group of international organizations in Hong Kong lobbied the HKSAR Government regarding the creation of a long-term fund for humanitarian aid. Several of the groups interviewed said that they hope to allocate more resources to advocacy in the future. Organizations have tended to downplay the advocacy role in Hong Kong due to the conservative nature of the community. However, advocacy is not a priority for all international bodies. One organization interviewed says that it prefers to allocate resources to provision of services rather than advocacy work.

Creation of societal norms

33 Through successful advocacy and public outreach, international organizations may play a critical role in the creation of societal norms. The political scientist Jack Donnelly points to the internationalization of the discussion of human rights as perhaps the best example of the impact of international organizations on societal norms.\textsuperscript{44} International bodies have also played a role in raising awareness of discrimination and injustice in the Hong Kong community. Yue notes, “Though different NGOs may have different sets of norms and principles
to govern their activities, as in the case of the human rights regime, the environmental protection regime, etc., yet taking them as a whole, the norm-creating function may profoundly change a society’s philosophy of life.45

Problem solving

34 International bodies may be approached by government departments and private sector groups to assist in developing strategies and solutions on issues of common concern. This differs from advocacy in the sense that interaction is welcomed by all parties – although partnership with government and the private sector may be one outcome of successful advocacy. To date, government and private sector groups in Hong Kong do not appear to have taken an active role in initiating partnerships with international organizations.46 At present, only one of the groups interviewed has a formal working partnership with the HKSAR Government. The group views this interaction as a valuable relationship but notes that the Government was initially uncomfortable with joint management of projects. This situation appears to reflect limited experience in government-Third Sector collaboration and the lack of trust on both sides. Other organizations also mentioned concerns regarding the agenda and transparency of government and private sector partners. Clearly, this is a significant issue to be resolved before further partnership is possible.

Volunteerism promotion

35 Most international organizations have volunteer programmes. Volunteer work provides opportunities for personal and professional development and is enriching for individuals. International bodies in Hong Kong may use volunteers in their local offices or in their overseas operations. The groups interviewed work with a wide variety of volunteers, including students, the elderly, homemakers, teachers and professionals from the financial, legal and medical sectors. Organizations say that volunteers see their work as challenging and rewarding, with many being deeply committed to its values and objectives. Volunteer work also contributes to Hong Kong’s intellectual capital by increasing local familiarity with international issues and local capacity in Third Sector management.

Financial support

36 International organizations may also act as philanthropic intermediaries by providing financial support to other groups and institutions or to individuals. This kind of support is often crucial in addressing needs or enabling certain initiatives. One organization interviewed provides the financial resources needed for welfare projects. It seeks to work in partnership with grassroots bodies in initiating and maintaining initiatives. Past projects include a nursery and care centre for blind babies, a leprosy hospital, a home for aged blind women, a community chest fund, a school for the deaf and mute, a home for destitute girls and a cancer hospital. The group stressed the real value of financial support in improving the situation of recipients. However, it also believes the giving process is valuable and enriching for donors.
III. Operating environment in Hong Kong

Interaction with the Government

International organizations interact with the HKSAR Government on a number of different levels:

- **Funding.** Organizations are unlikely to receive government subvention for activities that are international in scope. However, they do receive funding from the Government for specific projects, whether through application to government departments or to the Disaster Relief Fund. In 2000-01, nine organizations received grants totalling $6.2 million from the fund for disaster relief projects in mainland China, the Asia region, Africa and Central and South America. Some international bodies also receive indirect financial support from the Government, for example, in the form of rent subsidies.

- **Volunteerism promotion.** Government departments and agencies may implement policies in order to increase volunteerism in certain sectors. The Hong Kong Hospital Authority stands out in this respect. In 2000, it initiated an unpaid leave scheme for employees in order to allow medical professionals to participate in medical trips.

- **Lobbying.** International organizations lobby the Government on both local and international issues. For example, in 2000, a group of organizations approached the Government with a petition to expand the scope of government funding for international aid. Lobbying may also be in response to a particular event or issue. In 2002, a number of international organizations joined with local third-sector groups to express dissatisfaction with government handling of the right of abode issue.

- **Advisory/consultative bodies.** Organizations may be invited to sit on government advisory or consultative bodies in order to offer their expertise on certain issues.

- **Sharing of information and resources.** On a local level, organizations may work with relevant government departments in sharing information and resources. For example, one of the organizations interviewed provides the Social Welfare Department with household goods for new arrivals from mainland China.

- **Partnership.** International organizations may enter formal partnerships with the Government on a long-term basis in order to address local needs. One organization interviewed interacts with different government departments on a daily basis to discuss specific problems and implement solutions. Partnerships may also be project-specific; for example, if a government department and an organization agree to joint management of a programme.

Those organizations interviewed that work closely with the Government on a regular basis were generally positive about the quality of interactions. It should be noted that all of these groups have significant local operations and that
interaction with the Government is almost exclusively in the context of local activities. However, one group that works closely with a particular government department noted that the rapid turnover in government personnel and departmental objectives is a significant obstacle to developing long-term partnerships. Much of the existing interaction between organizations and the Government is dependent on personal contact with like-minded government officers.

Groups that work less closely with the Government were more ambivalent about the quality of interactions. Several organizations said they had found the Government to be unreceptive to new proposals; for example, a proposal to expand the scope of funding for international humanitarian aid. On a broader level, most of the organizations interviewed felt that the Government could do much more to foster the strategic development of Hong Kong’s Third Sector. Many noted the failure of the Government to capitalize on Hong Kong’s existing advantages, which are considerable. More detailed discussion of specific government policies relevant to the activities of international organizations is provided in Section 4.7.

**Interaction with the private sector**

International organizations interact with the private sector on a number of different levels, although interaction is primarily in relation to funding:

- **Funding.** Many organizations target the private sector as their primary source of funding. Funding may be provided through cash grants, loans, sponsorship or another mechanism. For example, some corporate groups make donations by providing free office space or subsidizing other recurrent expenses.

- **Joint events.** Organizations may hold joint fund-raising events in partnership with private sector groups, such as charity concerts, sporting events or dinners.

- **Gifts in kind.** A growing number of private sector groups contribute through donations of gifts in kind. This may include excess product, office furniture or other goods that the private sector is unable to use or sell. Gifts-in-kind donations may also include advertising space in publications or public areas.

- **Donated services.** Almost all of the organizations interviewed receive donated professional services, including financial and legal services. It is difficult to assign a dollar value to these kinds of donations, but they undoubtedly help to lower administrative overheads for international bodies. Some groups also receive creative assistance from the private sector, including donations of design and editing skills. In addition, groups with limited resources or without a formal office infrastructure may rely on private sector groups for administrative support; for example, assistance with printing, mailings, communications, etc.
• **Volunteerism promotion.** Many private sector groups in Hong Kong encourage employees to participate in volunteer work. A number of companies have volunteer schemes and regular volunteer activities.\(^49\)

41 Overall, most organizations interviewed were very positive regarding the level and quality of support from the private sector in Hong Kong. One group noted that of the 52 countries worldwide where it operates, Hong Kong ranks fourth in terms of corporate giving. Organizations also see Hong Kong’s private sector as a valuable source of skills and expertise. However, international bodies do not appear to see advocacy or partnership with private sector groups as a major activity.

42 One interesting finding that emerged from interviews is the fact that private sector groups may take a proactive role in initiating relationships with international groups. For example, private sector groups may approach organizations in order to offer funding and support, such as gifts in kind, donated professional services or volunteer teams. One organization interviewed also mentioned that private sector groups had offered to organize fund-raising events to benefit the organization in the past. Solicitation by private sector groups results from a variety of factors. In some cases, it may reflect a personal connection with the organization.\(^50\) In other cases, it may reflect the public profile of the group\(^51\) or public awareness of a particular issue or event.

43 International bodies had mixed responses to solicitation by private sector groups. Although organizations welcome opportunities to work with the private sector, several expressed concerns regarding the private sector agenda. The consensus among the groups interviewed seemed to be that marketing considerations are the primary incentive for private sector philanthropy in Hong Kong. Private sector groups provide support for third-sector organizations primarily to enhance their own profile within the community. Therefore, obtaining public recognition for donations is likely to be a key priority for private sector donors.

**Third Sector Dynamics**

44 International organizations interact with other third-sector organizations on a number of levels. This interaction may be local or international.

• **Funding.** Some international bodies receive funding from other third-sector groups, including foundations and philanthropic intermediaries. Four of the groups interviewed have received funding from local or international foundations. International organizations may also provide financial resources for communities in need. In most cases, funding is channelled through an intermediary institution or organization rather than being awarded directly to individuals.

• **Capacity-building.** Some international bodies work primarily to increase the capacity of other organizations, whether by providing resources or services. For example, one of the groups interviewed provides training for community organizations in Hong Kong and other parts of Asia.
International and Cross-Boundary Organizations

- **Advocacy.** Organizations may work with other third-sector bodies in order to raise awareness of international issues and build support. Organizations may also participate in joint campaigns on a specific issue. For example, a number of international groups in Hong Kong joined other third-sector groups in calling for peace in Afghanistan in 2001.

- **Joint events.** International organizations may hold joint events with other third-sector groups, especially schools, religious bodies and welfare agencies. Joint events may serve to raise funds for an emergency appeal or joint project, increase public awareness, build cooperation or lobby the Government. In 2000-01, a number of the organizations interviewed participated in or sponsored joint events, including charity sales, concerts, sports events, demonstrations and conferences.

- **Sharing of information and resources.** Organizations exchange information and resources in order to improve overall efficiency and effectiveness. Greater specialization by groups may facilitate greater interaction between them as organizations are more likely to refer on particular problems and issues to groups with expertise in that area.

- **Meetings and working groups.** Organizations hold meetings on related initiatives and issues of common concern in order to share information and use resources more effectively. A working group made up of several international bodies in Hong Kong has become a forum for coordinating international activities. In 2000, the group submitted a petition to the Government on expansion of funding for humanitarian activities overseas.

- **Networks.** Many groups participate in networks made up of related or parallel organizations. Some international bodies in Hong Kong operate as independent entities within an international network of national offices of the same organization. Other networks may be more functional in nature; for example, a network of gifts in kind (GIK) organizations worldwide. Depending on the level of commitment to the network, organizations may be subject to an accreditation procedure before being admitted as members. Networks often seek to create or promote codes of best practice among members.

- **Partnerships.** Groups may enter into close working partnerships in order to maximise resources and expertise. One organization interviewed has a contractual partnership with a local body that works in a related field. The two groups share the same office space and work together on a daily basis, although hiring and funding is handled separately.

International organizations regard international networks and partnerships with other third-sector groups as vital to their operations. These kinds of interactions provide a way to share resources and information and maximize efficiency. Most of the groups interviewed interact with other third-sector bodies on a regular basis. However, it appears that much of this activity is on an international level rather than on a local level in Hong Kong. For example, one organization interviewed said that although it works closely with various third-
sector groups in the areas where it has operations, it has almost no contact with third-sector bodies in Hong Kong.

46 At least half of the organizations interviewed do work closely with other third-sector bodies in Hong Kong. These relationships are primarily with other international agencies. During interviews, some organizations suggested that differences in the mission and activities of groups limit the possibilities for cooperation, even among international bodies. One group expressed opposition to partnership as this may force organizations to compromise their values or objectives.

47 On the other hand, almost all organizations felt that increased interaction with a wide variety of third-sector bodies would be extremely valuable. Organizations felt that the major benefit of increased third-sector networking in Hong Kong would be the opportunity to share information and expertise with other third-sector groups. For example, groups could hold joint events for staff or volunteer training. Networking was also regarded as being beneficial on a personal level in helping to develop a sense of community, particularly among organization leaders. One of the groups noted that the current lack of trust between organizations is a significant obstacle to developing a vibrant Third Sector in Hong Kong. The group said that it had found that some local bodies were unwilling to participate in open discussions about common issues, especially in relation to funding. This may be due to fears about competition for funding.

Comparative advantages and disadvantages of Hong Kong

48 International organizations locate their offices in Hong Kong for a variety of reasons. Only half of the ones interviewed are located in Hong Kong directly as a result of local needs or local resources. The remaining six are located here for circumstantial reasons, chiefly because the founder or a key supporter was resident in Hong Kong. Moreover, over half of the groups indicated during interviews that it would be feasible and, in some cases, even advantageous, for them to relocate their operations to other parts of Asia.

49 Therefore, the decision of an international organization to establish and maintain a presence in Hong Kong may offer a unique insight into the comparative advantages and disadvantages of Hong Kong as an operating environment for third-sector groups. When asked for their views on this subject, organizations mentioned the following factors:

- **Technological and professional expertise.** The availability of affordable technology and high skill levels mean that the number of people needed to run an office in Hong Kong is smaller than the number that would be needed in less developed parts of Asia. Almost all of the groups described local skills and capacity as “excellent.”

- **Minimal government interference.** The low level of government interference in the Third Sector is an advantage over cities like Singapore, which have much tighter controls over international fund-raising. Organizations noted
that the “free market” environment of Hong Kong is generally favourable for Third Sector growth.

- **Administrative and legal framework.** The administrative and legal framework for setting up an international body in Hong Kong is well-established and comprehensive.

- **Reputable financial centre.** Hong Kong has excellent financial auditing facilities. This is a major asset in terms of accountability to donors as it allows organizations to verify financial accounts through a reputable independent body. Hong Kong is also an international banking centre, which is an advantage in processing donations in foreign currencies.

- **International community.** The fact that Hong Kong is an international community is an advantage for organizations as community members are more likely to have exposure to international issues. Contact with diverse groups also allows organizations to broaden the global impact of their work.

- **Transport and communication links.** Hong Kong has good transport and communication links to the rest of the world. This is particularly important for disaster and relief operations as it enables the efficient transfer of information and resources and a rapid response to emergency situations worldwide.

- **Access to other parts of Asia.** Many of the international bodies based in Hong Kong are active primarily in mainland China or other parts of the Asia region. Proximity to areas of need in Asia significantly reduces the time needed to respond to an emergency situation and the costs of sending goods.

Overall, organizations felt that Hong Kong has the potential to be an excellent resource centre and operating base for international operations. However, they also stressed that Hong Kong has failed to capitalize on many of its advantages. For example, several groups said that existing expertise in logistics could be enhanced in order to develop Hong Kong as a centre for international activities. Organizations also identified the following factors as comparative disadvantages of operating in Hong Kong.

- **Cost of operations.** The high cost of operations in Hong Kong is a significant concern for many international bodies. One group said that of its 20 offices worldwide, the Hong Kong office has by far the highest operating costs. Two of the organizations interviewed stated that they are considering relocating some or all of their operations to other parts of Asia specifically to lower operating costs.

- **Lack of a vibrant Third Sector.** Several organizations mentioned the existence of a vibrant and well-developed Third Sector elsewhere in Asia as an incentive to relocate. The two locations most frequently mentioned as alternatives to Hong Kong were Manila and Bangkok. Organizations said that both the Philippine and the Thai Government have taken steps to foster development of the local and international third-sector organizations; by
contrast, the HKSAR Government has done little to encourage development of Hong Kong’s Third Sector.

- **Lack of training and expertise.** A number of organizations mentioned the lack of relevant training and expertise in Hong Kong as an obstacle to recruitment of staff and volunteers. One organization noted that although Hong Kong describes itself as “Asia’s World City,” there are significant barriers that prevent Hong Kong people from playing a more active role as global citizens. These barriers include low awareness of international issues, fears about working overseas and the failure to regard the Third Sector as a legitimate career field.

51 A number of organizations also mentioned more specific issues as comparative disadvantages of working in Hong Kong, including narrow parameters for charitable status, lack of fund-raising controls, Article 23 legislation and the lack of a funding body for long-term humanitarian assistance. See Section 4.7 for further discussion of these and other issues.

**IV. Major issues facing the sector**

**Financial resources**

52 Funding was identified as a major issue by most organizations. To some extent, this reflects the extent of the demand for the services provided by international bodies. Almost all of the groups interviewed said that they were currently unable to meet existing needs and were forced to turn away users. This appears to reflect the continued expansion of existing operations rather than shrinkage in available financial resources.⁵⁴

53 One important shift in funding in the past 10 years has been the increased financial independence of Hong Kong’s international organizations. With one exception, all of the groups interviewed are financially self-reliant.⁵⁵ Independence in terms of funding allocation has also increased. Today, all of the organizations interviewed, including those with affiliate offices overseas, control allocation of a significant portion or all of the funds raised by the Hong Kong office.⁵⁶

**Funding sources**

54 The organizations interviewed rely on a number of different fund-raising approaches in order to generate financial resources. Most have a structured fund-raising plan. However, it should be noted that at least two groups have made a conscious choice not to engage in fund-raising. Both organizations say this choice reflects the belief that their operations will generate the necessary funds if they are relevant to the needs of the community.

**Government**

55 Half of the groups interviewed have received some form of financial support from the HKSAR Government. Three have applied for and received funding
from the Disaster Relief Fund, both for activities in mainland China and for activities in other parts of the world. A fourth organization receives funding from a particular government department for one of its programmes.

However, international bodies do not appear to regard the HKSAR Government as a major funding source. For most of the groups that do receive government aid, government funding accounts for less than 10% of total financial resources. Factors cited by organizations as disincentives to apply for government funding included the following:

- Time-consuming and difficult application process;
- Bureaucracy impedes rapid response to emergency situations;
- Need to maintain independence and/or neutrality of organization; and
- Inappropriate to use Hong Kong funding for international activities, especially during the current economic downturn.

At the same time, a number of organizations were critical of the narrow scope of current government funding mechanisms. For example, they felt that the Disaster Relief Fund has limited effectiveness in meeting international need. Several called for the creation of a government funding body to address long-term humanitarian problems in Asia, such as the spread of malaria, HIV/AIDS and tuberculosis.

Private sector

Just under half of the groups interviewed target the private sector as their primary source of funding. Most were very positive regarding the level and quality of support from private sector groups. One said that of the 52 countries worldwide where it operates, Hong Kong ranks fourth in terms of corporate giving. At least two of the groups interviewed opened offices in Hong Kong specifically to tap into private sector resources.

Several organizations stressed the importance of personal connections and guanxi in private-sector fund-raising. Groups must identify and approach the right person with a marketing proposal that outlines the benefits of donations, both for service users and for donors. However, one group suggested that continued reliance on personal connections ultimately places organizations at a disadvantage. It said that effective fund-raising should focus on developing long-term relationships with private sector groups based on shared values and objectives. Given the rapid turnover of personnel in Hong Kong, it may be unproductive for organizations to depend on the support of sympathetic individuals within a company.

A number of groups felt that establishing a recognizable and creditable “brand name” is very important for private sector fund-raising. This helps to promote the impression that an organization is working for worthy goals. Although private sector groups may not be aware of the exact nature of the organization’s activities, they are more likely to donate because they are familiar with its general values and objectives. Most of the organizations interviewed agreed that marketing considerations are the primary incentive for private sector
philanthropy in Hong Kong. Private sector groups are therefore more likely to donate to high-profile groups and activities in order to enhance their own profile within the community. This may raise issues of donor transparency.

Foundations and philanthropic intermediaries

61 Of the organizations interviewed, at least two have received funding from local foundations such as the Hong Kong Jockey Club Charities Trust Fund and the Kadoorie Charitable Foundation. At least two others have received funding from foundations overseas. An advantage of applying for funding from other third-sector groups is that they may be more willing to invest in the long-term development of the organization. Corporate and individual donors, on the other hand, are generally more interested in the short-term direct benefit of donations to service users. Therefore, international organizations may apply for funding from foundations for training programmes, project development and other long-term initiatives.

Individual donors

62 Several of the organizations interviewed noted that they choose to recruit individual donors rather than approach corporations or foundations for funding.61 One said that individual donors offer a higher quality of support than corporations. It seeks to develop a relationship with its donors and involve them in the activities of the organization, such as campaigns and advocacy.62 Another body commented that the decision of an individual to contribute to a particular organization or project reflects personal values and ideals. Therefore, the contribution is likely to be more sustainable than one from a corporation that is seeking primarily to raise its profile in the community.

63 Most organizations that rely on the financial contribution of individual donors encourage them to set up a monthly direct deposit system. This provides some measure of financial stability for the organization. Ensuring donor commitment is important, particularly as individual donations tend to be significantly smaller than donations from corporations. Regardless of the size of individual donations, organizations aim to make all donors feel that their contribution is valuable. For example, some groups acknowledge donations by sending donors information about how funding is used. Others interviewed award membership status to regular donors in order to recognize their contribution and encourage donors to remain engaged with the organization. Organization members receive special materials, including information packs, newsletters and other deliverables.

Investment of founders

64 Where the founders are not full-time employees of the organization, they may be an important source of funding and support. Many provide the seed funding for the group and continue to invest in its development. Most of the smaller bodies interviewed operate out of the offices of a founder and rely on the voluntary support provided by employees and colleagues of founders.
Fees and charges

65 There is evidence to suggest that Third Sector organizations worldwide are moving towards greater marketization of services. A growing number of groups regard fees and charges as a major source of funding.\(^{63}\) However, this does not appear to be the case for Hong Kong’s international bodies, most of which are still heavily reliant on fund-raising. Four of the organizations interviewed do apply user fees for some or all of the services provided.\(^{64}\) However, for the most part, these fees are significantly lower than current market rates. At least one group views the implementation of service fees as a strategy for improving user accountability rather than raising funds. All four organizations say they still depend heavily on fund-raising.

Fund-raising events

66 Fund-raising events are an important source of funding in Hong Kong. This may include sporting events, flag days,\(^{65}\) charity sales and other events. In 2001-2002, one of the largest international bodies in Hong Kong raised about $25.8 million, equal to about 22.9% of total income, through various fund-raising events.

Project-specific fund-raising

67 Many international organizations structure fund-raising on a project-specific basis. This may take one of several forms:

- **Emergency appeals.** Most disaster/relief and development assistance organizations conduct emergency appeals in response to humanitarian emergencies. Funding raised through the appeal is earmarked for communities affected by the emergency situation, allowing donors to feel that they are providing direct aid to those who are in crisis. Organizations typically notice a significant increase in the number and size of donations during emergency appeals, particularly if the situation receives sustained media coverage. For example, many international bodies in Hong Kong experienced a peak in donations in response to appeals following the 1999 earthquake in Taiwan, the 2000 earthquake in India and flooding in China in 2002.\(^{66}\)

- **“Deliverables.”** Many organizations seek to make the impact of donations as tangible as possible. In effect, this is a way to “physicalize” fund-raising. For example, rather than suggesting certain donation sizes, organizations may suggest that donors cover the cost of a specific item. Donors are encouraged to think in terms of what their contribution will achieve rather than its absolute value in monetary terms. One of the groups interviewed is currently raising funds to outfit an orphanage. It encourages donors to meet the cost of a deliverable item or facility in the orphanage, e.g., a bed, a room, a washing machine, etc. This strategy provides donors with a sense of ownership in the project and allows them to feel that their contribution has direct benefit. The organization noted that this has been a particularly effective technique in private sector fund-raising because it allows companies to attach their name to a tangible achievement.
• **Sponsorship.** Many organizations develop sponsorship programmes that allow donors to see the impact of their contribution on the life of a person. In effect, this is a way to “humanize” fund-raising. Donors are asked to commit to covering some or all of the living expenses for a particular individual for a fixed period of time. Sponsors generally receive photographs and updates from the organization about “their” aid recipient. In some cases, sponsors are encouraged to develop a relationship with the aid recipient through letters and visits. Child sponsorship programmes have proved to be an extremely effective way for raising funds in Hong Kong. Two of the groups interviewed have child sponsorship programmes. One relies on its child sponsorship programme as its primary source of funding.

• **Scholarships and professional training.** Some organizations solicit funds to cover education or training for an individual for a fixed period of time. This is also a way to “humanize” fund-raising. One organization interviewed structures all of its private sector fund-raising through its scholarship programme for local students. The aim is to tailor fund-raising to the specific interests and goals of particular private sector donors. For example, some donors award merit scholarships for students with an interest in a certain subject area. The organization also encourages regular interaction between students and donors in order to make donors aware of the significance of their contribution for individual students.

**General fund-raising**

68 Some organizations are unable or unwilling to earmark funds for particular projects. Rather than focusing on specific needs, general fund-raising campaigns focus on the overall value of the work of the group itself. A number of the organizations interviewed commented that general fund-raising is much more difficult than project-specific fund-raising as the impact of contributions is more intangible and long-term. However, many groups said that they prefer to receive non-earmarked funds as it gives them greater flexibility in using financial resources in the most effective way.

**Gifts in kind**

69 Two of the groups interviewed operate on a gifts in kind basis. Although both receive financial donations, they encourage donors to contribute goods rather than money. One of these organizations receives donated office equipment and foodstuffs for its own operations, in addition to a huge volume of goods for communities in need worldwide. Both added that although it is difficult to encourage donors to invest financial resources in the administrative structure of an organization, donors are usually willing to provide surplus or used goods for its operations, including office furniture and computers.

**Funding issues**

70 Key funding issues identified by organizations during interviews are listed below.
Donor accountability

Several of the groups interviewed stated that the issue of donor accountability is a major one in Hong Kong given the dependence of most third-sector bodies on fund-raising as the primary source of income. Organizations said that donors need to be more accountable to organizations in meeting their financial commitments. This is particularly true for private sector donors given the relative size of private sector donations. The fact that private sector groups may be committed to charitable giving in general rather than giving to a particular group may mean that funding allocation is ad hoc and irregular. This makes financial planning very difficult for organizations. Moreover, experience indicates that private sector donations are more likely to be affected by economic circumstances than individual donations. One group said that in the past, private sector donors have simply cut contact if they were unwilling or unable to meet financial obligations.

Donor transparency

Organizations also expressed concerns regarding donor transparency, particularly in relation to private sector and government funding. One group said that donors may not be upfront with the organization regarding the larger agenda. If the donor has certain objectives in providing charitable donations, these should be stated at the outset. For example, some private sector groups use philanthropic activity as a way to raise their own visibility in the Hong Kong community. Therefore, they may pressure the organizations to which they donate to participate in certain high-profile projects or, conversely, to avoid promoting certain ideas or values. The organization added that many Third Sector bodies in Hong Kong lack the resources or confidence to reject funding offers, even if they are forced to modify projects or compromise on certain values.

Control of fund-raising

Many of the organizations interviewed see the lack of control of Third Sector fund-raising in Hong Kong as a major issue. Groups that have fund-raising offices in other countries said that Hong Kong is unique in terms of the lack of fund-raising controls. Organizations added that in many cases they are not asked to validate donations or produce a statement of accounts. The Hong Kong Jockey Club Charitable Trust Fund stands out as the only funding body in Hong Kong that has stringent requirements for funding usage, including auditing. Organizations regarded the lack of fund-raising controls as an important ethical issue because there is no check against potential misuse of funds. Organizations felt strongly that any fund-raising scandal in Hong Kong would jeopardize the credibility of the Third Sector as a whole.

Low donor interest in long-term investments

Several groups cited low donor interest in long-term investment as a significant funding issue. The majority of donors seek to provide direct benefit to individuals in need. This is one reason for the success of “deliverable” fund-raising, child sponsorship and other project-specific funding schemes. Most
donors have little or no interest in investing in long-term or intangible costs, such as administrative costs. Several organizations commented on the pressure to reduce the percentage of the donated dollar used for administrative costs to a minimum.

75 Many organizations felt that the focus on direct benefit ultimately jeopardizes the sustainability of their activities and the quality of their services. Organizations said that although there is a constant need for funding to meet immediate costs, the need for funding to cover long-term costs is even greater. Long-term costs include investments in the intellectual capital of an organization, such as training for staff members and volunteers, and improvement in infrastructure. Organizations said that these kinds of investments will ultimately improve the quality and scope of their services because they will allow them to recognize and respond to needs in a more effective and efficient way. However, donors tend to see these kinds of costs as unproductive. In some cases, they may be regarded as a negative indication of an organization’s priorities.

76 Upgrading the capacity of local communities to meet their own needs is also a long-term investment. Many international bodies initially sought to address community needs by “importing” foreign expertise into local communities. However, the aim now is to foster more sustainable initiatives that are rooted in the local community and enhance local resources. For example, one of the organizations interviewed provides services to rural communities in China. Recognizing that it would be impossible for any one group to meet the tremendous extent of the demand for services, the organization proposed to focus on training local professionals rather than direct service provision. However, the proposal met with little interest from Hong Kong donors, who saw no direct value in training. Donors showed far more interest in projects that had immediate and tangible benefits for service users, even though this did little to increase the capacity of communities to meet their own needs.

**Long-term financial planning**

77 A number of the organizations interviewed mentioned the importance of long-term financial planning for growth and development. In order to conduct long-term planning, groups must have a secure income stream. However, few of the groups interviewed have a secure income. Most rely on constant fund-raising, meaning that planning occurs on a month-to-month or year-to-year basis. This requires considerable time and resources. Several organizations said that they are actively looking for ways to diversify funding; for example, through the creation of an endowment fund. One commented that third-sector bodies in Hong Kong rely too heavily on the same fund-raising strategies, for example, flag days and walkathons. This may be a particular problem for local third-sector organizations that lack experience in marketing themselves to the community.

**Current economic situation**

78 Although most organizations said that the number of donors has remained steady or continued to increase in the past year, a few organizations noted that the rate
of increase in the total amount of donations has slowed. This may suggest that the economic situation influences the overall level of commitment rather than the individual commitment of donors. However, organizations agreed that corporate donations have been more impacted by the economic downturn than individual donations. Two organizations suggested that personal hardship actually increases the empathy of Hong Kong people and their sensitivity to suffering elsewhere. Both reported a record increase in the number and size of individual donations over the past 12 months. Many organizations anticipate that the economic situation will be a more significant issue in 2003 and are actively searching for new ways to raise financial resources.

**Changes in the business environment**

79 One organization interviewed said that fund-raising has been impacted by changes in the business environment in Hong Kong and worldwide. The organization noted that during the 1960s and 1970s, it was easier to use business contacts for charitable fund-raising. In the current business environment, however, this is regarded as unprofessional and inappropriate. This change may have been especially difficult for smaller organizations without a formal fund-raising programme or full-time staff.

**Changes in donor affiliation**

80 One organization mentioned changes in donor affiliation as a significant issue in fund-raising. It was founded in the 1960s and for the first 20 years relied heavily on the religious and cultural affiliations of a particular group for fund-raising. However, younger members of the group have weaker ties to the mission and activities of the organization and are much less likely to donate funds. This issue may be a particular problem for smaller organizations that target a specific donor group. For example, a number of international bodies in Hong Kong were founded by members of a particular expatriate group. As group identities shift, organizations may cease to be relevant to the values and interests of younger generations.

**Competition with for-profit groups**

81 One of the organizations interviewed mentioned competition with for-profit groups offering comparable services as a funding issue. Service users may not distinguish between the services offered by a non-profit and a for-profit group, especially if both groups apply user fees. Therefore, the organization must work to ensure that its services remain competitive.

**Competition with third-sector groups**

82 The number of third-sector bodies in Hong Kong seeking funding has increased significantly in the past 10 years. However, only one group interviewed mentioned competition for funding with other third-sector groups as a potential funding issue. This organization was concerned specifically with competition for funding from philanthropic groups such as the Hong Kong Jockey Club Charities Trust Fund. Most other organizations appeared to share the view that the
increase in overall fund-raising is beneficial for the Third Sector as a whole as it raises public awareness of issues and activities.

**Human resources**

83 Almost all the groups interviewed identified human resources issues as the primary problem facing them. Organizations are unable to recruit the staff and volunteers needed to manage their operations, whether due to financial constraints or lack of suitable candidates.

**Leadership**

84 Leadership appears to be a more significant issue for international bodies with local origins (founded in Hong Kong) than for international bodies with foreign origins (founded overseas). This may have important implications for the future growth and development of Hong Kong’s Third Sector. For example, the ability of an organization to survive a change in leadership appears to be a key indicator of development. Several groups commented on the value of increased Third Sector networking for organization leaders. The work of leaders is often isolating as they may be unable to discuss key problems with donors, board members or other staff members. At the same time, managing an international body is also a high-intensity and stressful role. Networking allows leaders to benefit from collective experience and expertise and provides a system for discussing common issues.

**Staff**

85 Nine of the groups interviewed employ staff members. The responsibilities of staff members depend on the qualifications of employees and the nature of the group’s activities. Most organizations employ administrative staff for fund-raising, volunteer recruitment, public relations and office management. At least five organizations also employ staff members who provide services to the Hong Kong community, including social workers, lawyers, counsellors, trainers, etc. Two groups interviewed do not have any employees.

**Financial constraints**

86 Some organizations interviewed said that their current human resources are insufficient due to lack of financial resources. Many donors are unwilling to provide funding for administrative costs, including salaries. Even if the budget is sufficient to hire additional staff members, organizations may be unable to allocate funding to administration. At least one of the organizations interviewed said that its founders currently absorb all administrative costs in order to guarantee accountability to donors, i.e. to guarantee that 100% of donated funds go directly to service users.

**Recruitment**

87 Recruitment of local staff was identified as a major issue during interviews. Most organizations stressed the fact that the lack of suitable job candidates is
more problematic than the lack of financial resources. According to the organizations interviewed, difficulties in local recruitment include the following factors:

- Limited interest of local candidates in developing a career in the Third Sector;
- Failure of local candidates and educational institutions to view the Third Sector as a legitimate career option;
- Lack of long-term commitment to the organization;
- Poor English-language ability;
- Poor multilingual abilities;
- Financial considerations – salary too low, loans to be repaid, etc.;
- Relevant training/expertise not available in Hong Kong;
- Lack of experience in volunteer recruitment and development; and
- Cultural/religious affiliation of the organization, if any.

As a result of difficulties in local recruitment, at least one group interviewed recruits all of its full-time staff members overseas. Two others rely heavily on recruitment overseas. All three said that they would prefer to hire local staff members if possible.

Professionalization

One organization commented that the increased professionalization of the Third Sector means that staff members must meet higher standards. This is one dimension of the demand for greater accountability from the Third Sector. Third Sector employees are now expected to demonstrate skill levels comparable to those of private sector employees; for example, in terms of accounting and marketing. Therefore, organizations must compete with the private sector in recruiting employees who have high skill levels. Those candidates with the necessary skills and expertise may not be interested in a career in the Third Sector.

Workload

Due to both financial constraints and difficulties in recruitment, international bodies are unable to hire necessary staff members. This increases the work load of individual employees and limits the ability of the organization to provide services. One of the groups interviewed estimates that it needs about 70 full-time staff members to run its operations. This need is currently being met by 35-40 full- and part-time staff members, meaning that each person is effectively performing two jobs. The organization sees this as a significant obstacle to further development and growth.

Volunteers

Due to staffing limitations, many international bodies rely on volunteers to run some or all of their local operations. Seven of the organizations interviewed have volunteer programmes. Volunteers come from a wide variety of backgrounds and include professionals from the medical, financial and legal sectors; students; teachers; homemakers and retired people. All of the
organizations interviewed said that the human resources available in the Hong Kong community are excellent. The community has the potential to be a valuable resource base for third-sector organizations. However, tapping into these resources has proved to be difficult. Organizations also emphasized the fact that volunteers are useful only if there is an adequate infrastructure in place for managing volunteer work. Otherwise, the value of the resources needed to manage volunteers outweighs the value of their contribution to the organization.

Recruitment

Organizations said that they have little difficulty recruiting short-term or occasional volunteers. In fact, some organizations now find it necessary to turn away occasional volunteers. The real need is for volunteers who can commit to working on a regular basis, whether full- or part-time. Organizations cited the following factors as obstacles to recruitment of regular volunteers:

- Scheduling – e.g. conflicts between volunteer and professional commitments;
- Time commitment;
- Lack of commitment to the goals of the organization;
- Lack of relevant expertise/training; and
- Cultural/religious affiliation of the organization, if any.

Several organizations said that they are unable to absorb additional volunteers due to internal resource limitations. For example, an organization may not have sufficient staff to run a volunteer programme or supervise volunteers. A number of organizations said that their offices are too small to accommodate large numbers of volunteers. One stated that due to the specialized nature of its operations, it is unable to take on volunteers without the necessary skills and expertise.

The problem appears to be a recruitment issue rather than a resource issue – the Hong Kong community does have the skills and expertise needed. The difficulty is in attracting the right volunteers and ensuring that they make some kind of regular commitment. One organization commented that there are no existing mature models for volunteer recruitment in Hong Kong. It added that due to the different values of different societies, the volunteer models that work in places like Europe and North America may not work in Asia. Clearly, this is a key area for further investigation and study.

Development

Several of the organizations interviewed use the skills and interests of individual volunteers as the basis for assigning volunteers to particular projects. However, volunteer development is an area that most organizations have not explored in detail. The case study in Appendix III looks at the experience of one international body in creating programmes for volunteer development.
Field volunteers

96 Two of the organizations interviewed supply full-time volunteers from Hong Kong for operations overseas. Volunteers are generally subject to a selection process and may be required to undergo additional training prior to participation in overseas projects. The two organizations have sent volunteers from Hong Kong to short- and long-term projects in Asia, Africa and Europe. Field volunteers recruited by them come from a wide variety of backgrounds and include surgeons, doctors, nurses, midwives, occupational therapists, technicians and social workers as well as professionals from the financial, business and engineering sectors. In the field, volunteers usually work in teams with other international volunteers and local professionals. Several Hong Kong volunteers recruited by international organizations have gone on to leadership positions in field operations.

97 Both organizations said that recruitment of field volunteers has been difficult. The following factors were cited as obstacles to recruitment:

- Lack of interest;
- Relevant training/expertise not available in Hong Kong;
- Difficulties associated with placement in a remote and potentially hazardous location;
- Time commitment;
- Fears regarding job security following return to Hong Kong;
- Fears that taking time away will jeopardize career development;
- Familial obligations to parents, children, etc;
- Financial considerations;
- Lack of employer or colleague support for volunteer activities.

Office infrastructure

98 Office infrastructure was not identified as a major issue during interviews. Eight of the groups interviewed have permanent offices. Three other organizations operate out of the offices of the organization founders. Several organizations with offices mentioned that private sector groups or the Government help to subsidize office rent.

Public awareness

99 Most of the groups interviewed said that public awareness was a major issue. Many organizations have a public relations officer and allocate a percentage of financial resources to raising awareness.

Awareness of international issues

100 Organizations interviewed were divided over the current level of public awareness of international issues in Hong Kong. Several said that the Hong Kong community tends to be very inwardly focused and that there is limited interest in and awareness of issues outside of Hong Kong and China. For example, there is minimal interest in Africa, despite the fact that this is an area of
major humanitarian need. Another organization noted that building awareness tends to be more difficult in affluent, developed communities like Hong Kong than in less developed communities. In poorer countries, people have a greater incentive to participate in the process of social change – for example, by voting in elections. The fact that Hong Kong is a very affluent community means that most Hong Kong people have a low awareness of the difficulties associated with poverty and poor infrastructure, even though these conditions are typical throughout most of Asia.

101 On the other hand, some organizations suggested that the fact that Hong Kong people enjoy a good lifestyle means that they are better able to appreciate the importance of providing services to less affluent communities. A number of groups said that, contrary to stereotypes, Hong Kong people are far from indifferent to the poor. Organizations noted that the number of donors and the total amount donated have continued to increase despite the current economic downturn. This may be because personal hardship increases the sensitivity of the Hong Kong community to suffering elsewhere. One organization added that the increase in public donations over the past 10 years indicates that Hong Kong people can be sensitized to international issues if they are given the right information.75

Awareness of international organizations

102 International organizations also seek to raise public awareness of their own activities. This may be more difficult than raising awareness of international issues or events. Lack of public awareness appeared to be a significant issue for the smaller groups interviewed. Many smaller groups felt that there was a lack of familiarity with their operations among members of the public in Hong Kong. Although organizations said that increasing public awareness of their activities is a priority, most have little experience in marketing themselves to the public. One of the larger organizations interviewed noted that this is a key weakness of many third-sector organizations in Hong Kong. Most lack the resources needed for the more costly marketing devices employed by private sector groups, such as advertising campaigns and direct mail programmes. More established organizations have found creative and innovative ways to market themselves to the public, but smaller, less experienced groups may not have the skills to do so.

103 The larger organizations interviewed have had greater success in establishing a public “brand name” for the organization. These organizations have good visibility within the community. One organization interviewed said that the results of a survey several years ago indicated at least 90% of the Hong Kong population was aware of its activities. Although members of the public were not necessarily aware of the specific activities undertaken by the organization, they were familiar with its general goals and objectives. Experience suggests that general awareness of an organization may be more effective in terms of fund-raising than more detailed information about its operations. Donors have a general sense that funding is being used for worthy goals, even if they do not understand exactly how the organization operates.

Outreach
The organizations interviewed outreach to the community in a number of ways. Outreach may include advertisements, public events, presentations, mailers, etc. Several organizations commented on the difficulty of outreaching to the Hong Kong community. Obstacles to effective outreach mentioned during interviews included the following factors:

- Lack of interest
- Low awareness
- Hong Kong people are too busy
- Hong Kong people are too focused on making money

One group said that the heterogeneous nature of the Hong Kong community also makes it difficult to outreach to the larger population. Finding ways to engage people who have different values is a challenge. A number of groups also commented specifically on the effectiveness of the internet and the media as tools for community outreach:

The Internet

All except one of the organizations interviewed have internet websites. Most groups agreed that the internet is a useful tool for providing public awareness, although it does not appear to be an effective tool for fund-raising. Information technology like email and the internet have provided third-sector organizations with cheap ways to experiment with outreach.

The media

Almost all of the organizations interviewed said that it is extremely difficult to obtain good coverage in the local media. They said that there is limited local interest in representing the complexities of a situation accurately. Media coverage was criticized as being sensationalist rather than comprehensive, particularly in the Chinese press. Several organizations said that the international media may actually be a more effective way of reaching the Hong Kong community. Few organizations actively solicit local media coverage. One said that it has made a conscious choice to avoid contact with the Hong Kong press due to the impact of negative coverage in the past. However, another reported that it had received positive media coverage and said this has been very useful in raising awareness and support.

Ethics

Most of the groups interviewed made reference to the need to maintain high ethical standards. Maintaining high standards may be significant in terms of the values of an organization. It is also critical in protecting its self-interest. Organizations are unlikely to receive funding and support if their practices are in question. Almost all of the ethical issues mentioned during interviews relate to funding.
Fund-raising

109 Most of the organizations interviewed saw the absence of fund-raising controls in Hong Kong as a major ethical issue. They were critical of the current non-regulation of fund-raising, saying that this enables potential misuse of funds. They also said that any fund-raising scandal would jeopardize the credibility of the Third Sector as a whole. Several organizations criticized the attitude of the HKSAR Government towards fund-raising as paradoxical: although the Government applies very stringent guidelines in granting charitable status to Hong Kong bodies, there is no control over fund-raising in Hong Kong. This situation is exacerbated by low expectations regarding Third Sector accountability to private donors. Organizations that have fund-raising offices in other countries said that Hong Kong is unique in this respect. The Hong Kong Jockey Club Charities Trust Fund stands out as the only funding body in Hong Kong that has stringent requirements for funding usage, including auditing. In most cases, organizations are not asked to validate donations or produce a statement of accounts.

Donor transparency

110 Several organizations expressed concerns regarding the transparency of donors. They were particularly concerned about transparency in relation to private sector and government funding. These bodies are more likely to have a larger agenda in donating to third-sector organizations than individuals. One organization said that private sector groups or governments may not be upfront with organizations regarding this agenda, but may later pressure them to meet certain objectives. For example, donors may pressure the groups to which they donate to endorse certain projects or, conversely, to avoid promoting certain ideas or values. If organizations lack the resources or confidence to reject funding, they may be forced to modify projects or compromise on certain values.

Fund allocation

111 One way for organizations to maintain high ethical standards is to impose very strict requirements on funding allocation. Most require some proof of best practice from other bodies before they agree to resource-sharing or joint management of a project. One of the organizations interviewed works only with affiliated offices of the same organization in order to ensure that the same financial standards are applied throughout its operations. Philanthropic organizations also attempt to mitigate potential misuse of funding by channelling funds through intermediary organizations or institutions rather than providing financial support directly to individuals. Where financial support is provided to individuals, it is usually for a fixed purpose.

Codes of best practice

112 In the absence of government regulations, some international bodies have taken initial steps in establishing codes of best practice for international organizations working in particular areas. This is usually achieved through some form of accreditation or network for third-sector organizations. One of the organizations
interviewed has established a network for groups involved in gifts in kind transactions worldwide. Although many of the services offered through the network are available to the general public, member organizations enjoy privileged access to services and may contribute to governance of the founding organization. Members must submit registration documents and a formal application and are subject to a minimal membership fee. The primary purpose of membership is to ensure common codes of best practice among international organizations.

**Government policies**

113 As noted in Section 3.4, Hong Kong’s comparative advantages as an operating centre and resource base for international organizations are significant. However, organizations felt that much more could be done to capitalize on these advantages and upgrade local capacity.

114 Organizations pointed out that Hong Kong already has excellent transport and communication links with the rest of the world and a high level of professional and technical competence. Capitalizing on these advantages with a view to fostering Third Sector development would encourage the current group of international bodies to remain in Hong Kong and would also encourage other international agencies to locate their offices here. In addition, it would establish Hong Kong as a centre of excellence for Third Sector management. This would have important social and economic benefits for the Hong Kong community. It would also have significance on a regional level by contributing to the strategic development of the Third Sector in mainland China.

115 Organizations emphasized the importance of government policy in the strategic development of Hong Kong’s Third Sector. Government policy could play a key role in enhancing Hong Kong’s existing advantages to make it more attractive for international bodies. For example, existing expertise in logistics could be enhanced in order to develop Hong Kong as a centre for international humanitarian operations. The Government could also play a role in facilitating increased Third Sector networking. In addition, government policy could also help to address existing disadvantages for third-sector organizations. These include low awareness of international issues and the lack of experience in working overseas. Organizations noted that many of these kinds of issues can be overcome only by effective government policy. Specific issues raised during interviews include the following areas:

**Charitable status**

116 A number of the organizations interviewed felt that the parameters used by the Inland Revenue Department (IRD) in granting charitable status should be reviewed. They say that charitable status has a significant impact on fund-raising for international activities, particularly as few international organizations receive government subvention. Moreover, several of the groups interviewed that do not have charitable status pointed out that they play a key role in the Hong Kong community, both by providing services and by raising awareness of regional and global issues.
Fund-raising controls

In general, organizations see the lack of government interference and the “free market” environment in Hong Kong as advantages. However, many of the organizations interviewed expressed concern regarding the absence of government controls for fund-raising. According to these organizations, the lack of control over fund-raising gives rise to two problems. First, under the current legal framework, “anyone” can obtain approval to raise funds in the Hong Kong community, including organizations that have no formal presence here. Second, the lack of control indicates the potential for abuse of fund-raising, including embezzlement of funds or fund-raising under false pretences. Organizations said that any local fund-raising scandal would damage the credibility of all third-sector organizations. One organization called for some form of government accreditation for fund-raising organizations. Another suggested that the Government introduce a basic “quality check” that would screen out questionable fund-raising campaigns without adding significantly to government bureaucracy.

Article 23 legislation

Two of the organizations interviewed expressed concern regarding the potential impact of Article 23 legislation. Both fear that pending legislation may inhibit their ability to engage in advocacy work and comment on events in Hong Kong or in China. One group is considering relocating its Hong Kong office to Bangkok specifically as a result of the Article 23 issue.

Funding body for long-term humanitarian projects

A number of organizations called for the creation of a funding body for long-term humanitarian projects. Some criticized the narrow scope of existing funding mechanisms and said that current regulations concerning government support for humanitarian projects are short-sighted.\textsuperscript{77} Organizations emphasized the fact that providing funding for international operations could be an instrument for building Hong Kong’s profile as a world city. In particular, organizations noted the urgent need for funding for long-term humanitarian projects in Asia, for example, in addressing the spread of malaria, HIV/AIDS and tuberculosis. One organization expressed frustration with what it described as government failure to acknowledge the impact of regional events on Hong Kong and respond accordingly.

Official human rights body

One organization interviewed called for the creation of an official human rights body to evaluate community needs and develop policy. It said that although human rights include the right to an adequate welfare system, the Hong Kong Government has failed to provide a welfare system that meets the needs of the community. It pointed out that Hong Kong’s current welfare system relies heavily on the work of Third Sector organizations, many of which receive government subvention. Therefore, the quality of welfare assistance is
determined by subvention levels. At the same time, because groups are dependent on subvention, they are unlikely to criticize government policy. The organization felt that this system of meeting community needs was ad hoc, inefficient and non-sustainable. It suggested that the Government must be more transparent in providing funding to the Third Sector and develop long-term strategies for meeting community needs.

Training and education

121 Several organizations said that the lack of relevant training or expertise was an issue in recruiting local staff members and volunteers. It was suggested that the Government could play an important role in encouraging the creation of practical courses for training third-sector employees and volunteers. Specifically, organizations mentioned the need for education/training programmes for humanitarian aid and a tropical diseases diploma course. As the relevant training in these areas is not available locally, individuals must go overseas for training, often at considerable personal expense. Practical courses for third-sector professionals and volunteers are offered at a number of North American, European and Australian institutions. Several Asian countries, including the Philippines and Thailand, have also started to offer courses as a way of fostering Third Sector development. One organization pointed out that Hong Kong has significant advantages over Bangkok and Manila and could easily become an Asian or even an international centre for Third Sector training and education.

V. Conclusion

122 Although the number of international organizations in Hong Kong is relatively small, they play a key role within the Third Sector and within the broader community. There is tremendous potential for sharing of expertise and resources between international and local groups and this could be a key step in the further development of Hong Kong’s Third Sector.

123 Given the significance of the role that international bodies play in Hong Kong and the value of their contribution, there is an urgent need for a review of the areas in which Hong Kong could improve its comparative attractiveness as an operating centre for international third-sector activity. There is also a need for a study of the possibilities for networking and capacity-building across Hong Kong’s local and international third-sector organizations. Further study of models of volunteer recruitment and development that have been used successfully by third-sector organizations in other countries and the applicability of these models to Hong Kong would also be very useful.

124 Some of the difficulties encountered in researching and writing this chapter included the complexities involved in transposing the ICNPO classifications onto Hong Kong’s Third Sector. In many ways, this classification may be biased towards the situation existing in North America and Europe and does not necessarily reflect the ways in which Hong Kong’s Third Sector organizations categorize themselves. A further difficulty was the time constraint imposed for completion of the report.
VI. Acknowledgements

Sally Begbie, Global HAND – Crossroads International
Olivier Bonnet, Medicins Sans Frontiers
Tara Boyce-Hofmann, AFS Intercultural Exchanges
Albert Chan, Oxfam Hong Kong
Kevin Chiu, World Vision Hong Kong
Chong Chan Yau, Oxfam Hong Kong
Basil Fernando, Asian Human Rights Commission
Kay Lee, The GAP Foundation
Professor Leung Shing-ping, Operation Concern
Haresh Shamdasani, The Shamdasani Foundation
Lyla Stephens, Christian Solidarity Worldwide HK
APPENDIX I: Methodology

Information about international organizations in Hong Kong was gathered from a variety of sources, including the Third Sector Survey, interviews, the internet and a literature review.

Identification of organizations

International organizations were identified using a variety of means, including the Hong Kong SAR Government List of Approved Charitable Institutions and Trusts of a Public Character (2002), the Hong Kong Tourism Board Associations & Societies in Hong Kong (2001), the internet, media reports and a review of relevant government, private sector and Third Sector literature.

Third Sector Survey

The purpose of the Third Sector Survey was to classify organizations on the basis of their primary activities, update contact details and obtain sufficient statistical information to compile a snapshot of the sector as a whole.

Due to the small size of the population and the high level of diversity, it was necessary to survey as many organizations as possible in order to avoid distortion of data. The survey was sent out by mail in late October 2002 to all organizations identified to date with the goal of obtaining at least a 50% response rate. Follow up by telephone occurred in early November 2002.

A decision was made by the Researcher not to use the survey results for the international sector in writing this chapter. However, these results are included in the aggregate results for the Third Sector presented at the start of this report.

Interviews

Interviews were intended to provide insight into the operations and issues of a particular organization. Information gathered during interviews was then used as a reference in making more general observations about the sector as a whole.

The goal of the interview process was to solicit information on specific subjects from organizations and allow them an opportunity to offer their views and ideas. The focus was on collecting qualitative information about how organizations operate. Quantitative information was obtained from a number of other sources, including the annual reports, publications and websites of individual organizations.

Organizations were divided into four broad sub-groups for the purposes of interviews: development assistance organizations, disaster/relief organizations, friendship/cultural exchange programmes and human rights and peace organizations. A more detailed description of the activities covered by these sub-groups is provided in Section 2.3. At least one organization in each of the four sub-groups was interviewed in order to obtain a balanced and diverse perspective on issues. Table 1 presents a breakdown of organizations interviewed according to sub-group.
TABLE 1

<table>
<thead>
<tr>
<th>Sub-group</th>
<th>No. of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development assistance</td>
<td>7</td>
</tr>
<tr>
<td>Disaster/relief</td>
<td>1</td>
</tr>
<tr>
<td>Friendship/cultural exchange</td>
<td>1</td>
</tr>
<tr>
<td>Human rights and peace</td>
<td>2</td>
</tr>
</tbody>
</table>

Selection of organizations for interviews was based on the following considerations, with the aim of interviewing organizations that differed in some or all of these respects:

1. Size – number of employees/volunteers, scope of activities, etc.
2. Age – year of founding
3. Origins – founded locally or internationally
4. Geographic scope – international, Asia region or cross-boundary
5. Nature of activities
6. Profile – visibility in the community, availability of contact information, etc.
7. Religious/cultural affiliation, if any

Interviews were conducted with 11 organizations, representing an estimated 10% of the sector as a whole. In each case, the person interviewed was the director or chief executive officer of the organization. Interviews were conducted in English and lasted about 45 minutes to one hour. The interview outline sent to organizations prior to interviews is provided in Appendix II.

Following the interview, a record of the discussion was sent to the organization for verification. Specific comments made during interviews have not been attributed to the organization by name within this report.

Case studies

One case study is included in this chapter (see Appendix III). The purpose of the case study is to highlight the issue of volunteer development by focusing on the example of one organization. Permission to use information about this organization for a case study was obtained prior to completion of the report. The case study is based on information gathered during interviews and supplementary materials provided by the organization.
APPENDIX II: Interview Outline

The Third Sector Study

The Third Sector Study is being undertaken by the Central Policy Unit of the HKSAR Government in order to gain a better understanding of the issues and problems facing non-profit organizations in Hong Kong. The final report will be made available to the public in early 2004, less any information that should remain confidential for legal/privacy reasons. A similar study on corporate philanthropy in Hong Kong was published by the CPU several months ago and is available online at www.info.gov.hk/cpu/english/new.htm.

Should you have any additional questions about the study, please contact Ms Mandy Wong at the CPU at 2810 2378.

Interview Outline

The purpose of the interview is to provide insight into the issues and problems facing a particular organization. This information will be used as a reference in making more general observations about the issues and problems facing the sector as a whole.

Information gathered during the interview process may be used in a case study. Organizations will have the right to make comments off the record or to stipulate that their name will not be published in the final report (either in a case study or within the text of the report).

Below is an outline of questions to be addressed to the interviewee. Where appropriate, some information may be obtained from supplementary sources, including annual reports, publications, etc.

1. Mission and activities
   - Brief mission statement
   - What is your primary activity (or activities)?
   - How does your Hong Kong office operate in relation to other offices/partners worldwide?

2. Funding
   - What are your major sources of funding?
   - Relative importance of each source?
   - Trends in funding?
   - What role does Hong Kong play in international fund-raising?
   - How could the situation in terms of funding be improved?

3. Staffing/management
   - Administrative structure and general office infrastructure?
   - Any staffing or management issues or problems?
   - Significance of volunteers?
   - How could the situation in terms of staffing/management be improved?

4. Government policies
   - Legal status and benefits/drawbacks?
   - Need for additional support from Government (financial, access to information etc.)?
How could the situation in terms of government policy be improved?

5. **Public awareness**
   - Public awareness of organization and activities?
   - Difficulty/ease of promoting organization?
   - Impact of religious affiliation, if any?
   - How could the situation in terms of public awareness be improved?

6. **Dynamics of the Third Sector**
   - Do other organizations face similar issues and problems?
   - Interaction with other organizations?
   - How could the situation in terms of the dynamics of the Third Sector be improved?

7. **Role in economy and society**
   - How would you describe your role in the economy and in society?
   - What do you see as the ultimate value of your work?

8. **Three major issues or problems for your organization?**
APPENDIX III: Case Study – Volunteer Development

ORGANIZATION: AFS Intercultural Exchanges (Hong Kong)

MISSION: AFS Intercultural Exchanges (AFS) is an international non-profit educational organization. Its mission is to provide young people and educators with opportunities for intercultural learning through overseas exchange programmes.

HISTORY: AFS was founded in 1947 and its Hong Kong office (AFS-HK) was established in 1982. AFS offices worldwide operate in a partnership system that is similar to a franchise scheme. Country offices are financially independent but work together as partners in establishing programmes. The International Board of Trustees is responsible for overall policy and strategic direction.

ACTIVITIES: AFS-HK currently exchanges with 26 countries. They are Argentina, Australia, Austria, Belgium, Brazil, Canada, the Czech Republic, Denmark, Finland, France, Germany, Guatemala, Hungary, Italy, Japan, Latvia, The Netherlands, New Zealand, Norway, Spain, South Africa, Sweden, Switzerland, Thailand, the UK and the US.

In 2001-02, 120 Hong Kong students aged 15-18 participated in the AFS Year Programme (for the full academic year). An additional 53 students participated in short-term summer programmes. Also in 2001-02, 38 Hong Kong teachers participated in AFS Educators Exchange programmes. During the same period, AFS-HK hosted 32 students from 12 countries.

AFS-HK is currently in the process of transforming itself from a staff-driven organization to a volunteer-driven organization. It views its volunteers as the core of the organization and sees the sustainable development of volunteers as the major issue facing the organization. This is reflected in the amount of resources that AFS-HK has invested in volunteer training and regeneration over the past two years. The organization has found that investment in volunteer development has resulted in increased commitment from volunteers and an improvement in the overall quality of all AFS-HK programmes. Since 2000, AFS-HK has invested $100,000 in volunteer training and development. The value of this investment is reflected in the 35% growth in AFS-HK programmes over a two-year period.

The decision to invest in volunteer development during the late 1990s was based on the realization that the existing volunteer programme was inefficient and costly. More importantly, the programme was not effective in developing the spirit of volunteerism that is characteristic of AFS worldwide. The programme depended on the ability of staff members to manage and monitor volunteers. Volunteers were assigned to projects on an as-needed basis. However, AFS-HK found that this system resulted in low volunteer commitment and rapid volunteer turnover. The amount of resources required to run the volunteer programme was significant.

AFS-HK sought to make the programme more effective by improving volunteer accountability. It began by looking for ways to keep volunteers engaged with the
work of the organization. AFS-HK hosted focus group discussions with volunteers and staff members in order to identify the specific projects of interest to volunteers. This resulted in the creation of the current functional team volunteer network.

Each functional team is made up of 40-60 volunteers and focuses on a particular aspect of AFS-HK operations – for example, orientation for incoming students, selection of students for outgoing programmes or counselling/support for participants. At present, AFS-HK has about 260 active volunteers. The majority have contact with the organization at least once a month. Current volunteers include former AFS participants (usually students aged 18-20), former host family members, professionals, teachers and homemakers.

AFS-HK volunteers play an integral role in the daily operations of the organization and are responsible for all aspects of incoming and outgoing exchange programmes. Volunteers are assigned to functional teams on the basis of personal interest and ability. AFS-HK has developed a “Skills Bank” in order to match volunteers with the needs of the organization. The Bank provides a register of the skills held by individual volunteers, such as event management, professional counselling, graphics, web design, editing, accounting, marketing, language ability and so on. Academic qualifications, hobbies and personal contacts may also be useful. The Skills Bank enables AFS-HK to use its volunteers more efficiently and enhances the overall effectiveness of the organization.

At the same time, AFS-HK seeks to ensure that the quality of its programmes remains high. AFS-HK competes with for-profit exchange programmes and must also address the legal liabilities associated with its foreign exchange programmes. If volunteers are given responsibility for running the exchange programmes, they must also have the information and skills needed to maintain quality and manage risk. Over the last two years, AFS-HK has devoted significant resources to volunteer training.

AFS-HK has invested in its volunteers in a number of other ways. It has developed a regeneration plan and a mentorship programme in order to encourage new ideas and foster a sense of community between volunteers. AFS-HK also partially subsidizes short-term volunteer exchanges with other AFS countries, including Thailand and Hungary. This is one way of recognizing the valuable contribution volunteers make to the organization. In addition, it allows volunteers to appreciate the value of AFS-HK services and network with volunteers throughout the AFS global community. AFS-HK partners with other Third Sector organizations in Hong Kong on local community service activities, including beach cleanups and projects in low-banded schools. This helps to foster a sense of accountability to the Hong Kong community and a spirit of volunteerism among its students.

AFS-HK has also worked to develop leadership on its volunteer board of directors. Like other AFS-HK volunteers, board members are diverse and include business leaders, educators, homemakers and other members of the community. The board also includes representatives from the volunteer functional teams. This allows those who are active in the operations of the organization to participate in decision-making and helps other board members to understand how funding is needed and used.
Over the past two years, AFS-HK’s investment in volunteer development has enriched the experience of volunteers and provided them with incentives to make a long-term commitment to the organization. This in turn has increased volunteer accountability, improved the overall efficiency of operations and enhanced the quality of exchange programmes. AFS-HK regards this investment as crucial for the future development and growth of the organization.
The ICNPO system was developed during the 1990s by a team of international scholars as part of the Johns Hopkins Comparative Non-profit Sector Project. To date, the ICNPO has been used to classify non-profit organizations in 40 countries, including six Asian countries. The ICNPO uses the following five criteria in defining Third Sector groups: (1) organized, (2) private, (3) non-profit-distributing, (4) self-governing and (5) voluntary. More information about the Non-profit Sector Project is available online at <www.jhu.edu/~ccss>.


The sector does not include international organizations engaged in activities other than those specified above; for example, international environmental organizations or international professional groups. The ICNPO also notes that where organizations are engaged in both domestic and international operations, domestic operations should be classified and analyzed separately based on the principal economic activity. The ICNPO further specifies that “local affiliates and subsidiaries of international nonprofit organizations are to be treated as ‘resident establishments,’ and therefore as part of the host country’s nonprofit sector, if they maintain a presence for more than one fiscal year.” However, short-term projects by foreign non-profit organizations should not be considered part of the host country’s domestic non-profit sector. Salamon, Lester M. and Helmut K. Anheier (1996), p. 8.

The ICNPO international sub-groups are loosely defined and intended to provide some framework for distinguishing between organizations for the purposes of analysis. However, it should be noted that these distinctions are somewhat artificial, particularly for development assistance and disaster and relief organizations. At least three of the organizations interviewed for this study describe themselves as “relief and development” organizations, meaning that they have both disaster and relief operations and development assistance operations.

Organizations with international affiliations (i.e., affiliated with other offices of the same organization and/or other organizations located outside of Hong Kong) that are exclusively local in focus have not been included in this sector. However, Hong Kong-based organizations that focus primarily on international activities have been included. Due to time and resource constraints, the international and domestic activities of organizations have not been classified and analyzed separately, as recommended in the ICNPO. Instead, organizations have been classified on a case-by-case basis as “international” or “local” using information gathered from surveys and interviews. However, a more detailed analysis of organizations with both international and domestic activities should be undertaken in order to highlight the pattern of development and assess the degree of overlap between international and local operations.

The environment in which non-profit organizations operate across the border is sufficiently different in terms of legal, economic and social factors to differentiate cross-boundary organizations from organizations operating only in Hong Kong. At the same time, information gathered during the study indicates that international and cross-boundary organizations should be considered sub-groups of a single sector rather than two separate sectors. A brief overview of the content, background and legal/financial context of the Third Sector in China, Taiwan and the Hong Kong SAR is available online at the Asia Pacific Philanthropy Consortium website, <www.asianphilanthropy.org>. See also So, Alvin Y, Nan Lin and Dudley Poston (2001), The Chinese Triangle of Mainland China, Taiwan, and Hong Kong: Comparative Institutional Analysis, Westport, CN and London: Greenwood Press, for a more detailed discussion.

It should be noted that the use of the term “international organizations” throughout this report refers to organizations with the specific set of characteristics identified by the ICNPO. The first non-Asian organizations active in Hong Kong were missionary groups. However, according to the ICNPO, these kinds of groups are classified as religious rather than international organizations.

Chan Ka Wai (1997), “Hong Kong’s Protestant Social Movement” (Trans. Sally Chun), Sophia Woodward, ed., Hong Kong’s Social Movements: Forces From The Margins, Hong Kong: July 1 Link & Hong Kong Women Christian Council, p. 114.

For example, World Vision, a Christian relief and development organization founded by an American journalist, began operations in Hong Kong in 1962 in response to widespread devastation following Typhoon Wanda. The development of the Hong Kong office of World Vision appears to be typical of the development of many international organizations operational in Hong Kong. In its first 20 years, the office concentrated on the welfare needs of the Hong Kong community. However, as living conditions in Hong Kong improved during the early 1980s, the office began to shift its focus to operations overseas. Although World Vision Hong Kong still has some local welfare programmes, its primary activities within the Hong Kong community are fund-raising and public education. World Vision Hong Kong, “Knowing World Vision,” <www.worldvision.org.hk/eng/intro_frame_e.html>, 12 Oct 2002.


The relative importance of international organizations in meeting the welfare needs of the Hong Kong community may be a useful indicator of the level of local Third Sector development. The fact that those international organizations that continue to provide services in Hong Kong work primarily with marginalized groups such as Vietnamese refugees appears to reflect underdevelopment of Hong Kong’s Third Sector in these areas. Equally significant is the finding that many international organizations in Hong Kong provide services for other Third Sector groups, for example, through training, sharing of resources or partnership.


Chan, Gerald (1997), Hong Kong’s Participation in International Organisations: Changes and Prospects beyond 1997, Hong Kong Central Library – Hong Kong Collection, p. 5.

One such organization was the Jian Hua Foundation, which was established in 1981 by a group of Hong Kong businessmen and academics. The Foundation works to increase the capacity of Chinese communities through professional exchanges and voluntary service. To a certain extent, organizations like the Jian Hua Foundation simply institutionalized philanthropic activity that had been occurring on an informal or individual level for some time. Several locally founded international organizations began as fund-raising groups created by local businessmen. These groups often relied on cultural or national ties in generating support and allocating funding. Jian Hua Foundation, “Organization Profile,” <www.jhf-hk.org/profile.html>, 15 Dec 2002.

Historically, most international organizations have emphasized provision of welfare services rather than advocacy. This has been particularly true in Hong Kong given the relatively conservative attitude of the local community towards social and political activism. See, for example, Golin/Harris Forrest (2001), The Role of Companies in the Development of a Vibrant Third Sector in Hong Kong, Hong Kong: HKSAR Government Central Policy Unit, <www.info.gov.org/cpu/new/eng.htm>, Nov 8, 2002.


For example, following the 1989 Tiananman Square incident, many international organizations in Hong Kong played a key role in distributing information about the events to the Hong Kong community and the international community. Increased advocacy among Hong Kong’s international organizations appears to parallel trends in Third Sector development worldwide. Based on a survey of 11 countries, Salamon, Hems and Chinnock conclude that “the presence of the advocacy role” is a “distinctive aspect of nonprofit role fulfilment…even associations that manage service establishments tend to fulfil the advocacy role to some extent.” In over 70% of cases surveyed, “nonprofit organizations were credited with performing an advocacy role to a substantial or high degree.” Salamon, Lester M., Leslie C. Hems and Katheryn Chinnock (2000), “The Nonprofit Sector: For What and for Whom?” Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, no. 37, Baltimore, MD: The Johns Hopkins Center for Civil Society Studies, pp. 21-22.
However, Leung notes that networking among Hong Kong’s Third Sector organizations tends to be inwardly focused. Contact with Third Sector organizations outside of Hong Kong remains limited, particularly within the Asia region. Leung adds that many organizations in Hong Kong have better links to North America and Europe than to other Asian countries. Leung, Apo (1997), “1997 and the Road Ahead: Linking Hong Kong NGOs with the International Community,” pp. 143-144, 146.

Up until this time, most international organizations had been run according to a multinational model, under which regional offices provided resources and support for administrative headquarters in North America or Europe. In many cases, the Hong Kong offices of international organizations acted as fund-raising offices only.

Yue, Ren (1887), “NGOs in Hong Kong: The Present and Future,” pp. 131-133.

Chan, Gerald (1997), Hong Kong’s Participation in International Organisations: Changes and Prospects beyond 1997, Hong Kong Central Library, Hong Kong Collection, p. 1.


The findings of the Johns Hopkins Comparative Nonprofit Sector Project suggest that the services provided by Third Sector organizations differ from those provided by private sector companies and government agencies in four key respects. This conclusion appears to be supported by data gathered for the purposes of this study:

1. Higher quality – In most cases, international organizations provide services that are significantly higher in quality than those available within the local community. In many cases, the services provided by the organization would not otherwise be available to users.
2. More equitable – International organizations generally seek to provide services on an impartial basis and frequently target those who are most in need.
3. Lower cost to users – Most international organizations provide services to users at a minimal cost or at no cost.
4. Greater specialization – Specialization is common among international organizations, both as a result of the specific aims of the organization and as a way to use limited resources more efficiently. Organizations may choose to work with specific population groups (a significant number of international organizations in Hong Kong work with children and young people) or focus on specific social, economic, health or human rights issues.


Humanitarian emergencies may be the result of a natural disaster, human conflict, epidemic, social or political instability or economic failure. They may also be caused by long-standing problems or trends, such as drought, malnutrition or social injustice. Moreover, because the ability of communities to respond to crises is determined by their particular economic, social and political circumstances, communities with fewer resources may be less able to address changes or problems. Emergency situations may affect an entire community, a group within the community or specific individuals. For example, epidemics and natural disasters affect entire communities. Persecution on the basis of identity affects only certain groups and individuals within the community.

Due to prolonged civil war, Angola faces a severe nutrition crisis. The organization estimates that at least 500,000 people were close to starvation as of April 2002.
This organization is the only disaster and relief organization that was interviewed. However, it should be noted that the organization works in partnership with affiliated offices around the world in funding, staffing and managing projects. Although the Hong Kong office of the organization contributed about $1.58 million to the Angola mission, it did not have sole responsibility for the project.

Emergency operations provide direct services to meet immediate needs in a situation where no other resources exist. Development assistance projects tend to be established in areas where there is already some level of stability. These types of projects provide resources and services in order to improve the capacity of local communities to address their own needs. The focus is on developing sustainable solutions to long-standing or widespread problems. Development assistance projects may provide services to an entire community or to a specific group within the community, for example, older women, orphans or the mentally handicapped.

Since 1994, the organization has established 10 centres in different areas of China in order to provide services and training. Most of these centres are visited by teams from Hong Kong on a yearly basis. The organization estimates that it has provided services to at least 15,000 users. For example, students from mainland China tend to be preferred over Hong Kong students because they are typically more independent and extroverted and also have better English skills. By contrast, Hong Kong students tend to be more dependent on their families and more focused on schoolwork. They often find the experience of living in a foreign culture very challenging.

Chan Ka Wai notes: “Such contacts allow an alternative grassroots-oriented interpretation of the Hong Kong society, different from the analyses of the government and political parties, to spread in the international community, and thus serve to protect human rights in Hong Kong. This is part of efforts to build up a regional and even global civil society, a public space that transcends national borders.” Chan Ka Wai (1997), “Hong Kong’s Protestant Social Movement,” p. 114.


For example, in early 2002, one of the organizations interviewed launched an international speaking tour in order to criticize the actions of foreign governments in Afghanistan. The fact that the organization had long-standing operations in Afghanistan and was familiar with the situation on the ground meant that it was able to speak with authority as a credible witness.

Most of the international organizations interviewed said their access to information about specific issues and events creates an obligation to report instances of suffering, intolerance or injustice. This was true both for organizations that focus on human rights and social justice issues and for those that focus on service provision.

One of the human rights organizations interviewed seeks to raise local and international awareness of specific human rights violations. The organization relies on primary research and first-hand testimony in preparing reports. Information is circulated to the public through an email newsletter, presentations and advocacy on an international level. The organization says its role is to expose the truth about human rights issues and get this information into the hands of those who can act on it. It sees this as a service for the Hong Kong community because it raises local awareness of issues and provides opportunities for local action.

The Johns Hopkins Comparative Nonprofit Sector Project describes this as the “innovation role” of the Third Sector, noting “...we might expect this sector to be an incubator for new ideas and approaches for identifying and solving public problems. It can thus perform in the public sphere the same kind of innovative role that small private businesses play in the sphere of private profit-oriented action. This suggests that nonprofit organizations can be expected to be pioneers in particular fields, identifying unaddressed issues and focusing attention on them, formulating new approaches to problems, and generally serving as a source of innovation in the solution of societal problems.” Salamon, Lester M., Leslie C. Hems and Katheryn Chinnock (2000), “The Nonprofit Sector: For What and for Whom?” p. 6.

The organization seeks to facilitate more efficient transfer of goods from those with excess product to those in need. It also hopes to establish international codes of best practice for organizations and provide some form of accreditation. The GIK project has already attracted considerable interest from the international community, including other Third Sector organizations and the United Nations. A consultation on the project in August 2002 was attended by representatives from 18 international organizations and an additional 200 remote participants. These groups reiterated the long-standing need for these kinds of Third Sector networks. They also commented on the value of establishing an Asia-based network rather than a North American-based network.
One of the human rights groups interviewed collects first-hand information about human rights issues in Asian communities. Information about human rights victims is then passed to its partner organization in the UK for campaigning at the level of the European Union and the United Nations.


It should be noted that collaboration with government and private sector groups may be much better established in other communities in which international organizations have operations. For example, one of the organizations interviewed regards partnership with local authorities as key. Its priority in selecting projects is the potential for collaboration with government. By working closely with local authorities, the organization hopes to increase local awareness of needs and improve the capacity of the community to meet these needs.

The Disaster Relief Fund (DRF) was established by the Legislative Council in 1993 in order “to provide a ready mechanism for Hong Kong to respond swiftly to international appeals for humanitarian aid in relief of disasters that occur outside Hong Kong.” The fund is administered by the Financial Secretary. Cash grants are awarded to organizations by the Disaster Relief Fund Advisory Committee, which includes eight official and three ex-officio members appointed by the Chief Executive. As of March 31, 2001, grants totalling $252,195,000 had been made from the fund since its establishment. Financial Services and the Treasury Bureau (The Treasury Branch) (2002), “Disaster Relief Fund,” Estimates For The Year Ending 31 March 2003: Fund Accounts Vol. II, Hong Kong: HKSAR Government, pp. 2-5, <www.budget.gov.hk/2002>, Nov 16, 2002.

One of the organizations interviewed suggested that government opposition to more expansive funding mechanisms reflects three key factors:

1. Anxiety regarding the foreign policy connotations of government support for international humanitarian aid projects, specifically in relation to Hong Kong’s status as a Special Administrative Region of China;
2. Concerns over financial accountability and auditing requirements in terms of government budget; and
3. Uncertainty about the level of support from the Hong Kong community.

The Golin/Harris Forrest study of corporate philanthropy in Hong Kong reported that about 30% of respondents provide employees with time off for volunteer work and 45% provide matching funds for employees who are fund-raising for charity. Golin/Harris Forrest (2001), The Role of Companies in the Development of a Vibrant Third Sector in Hong Kong.

The Golin/Harris Forrest study noted the importance of personal connections and guanxi in determining the giving patterns of local companies. However, this appears to be less true for multinational companies as giving is likely to be determined by the global headquarters of the company. Golin/Harris Forrest (2001), The Role of Companies in the Development of a Vibrant Third Sector in Hong Kong.

Information gathered during interviews suggests that the profile and visibility of the organization is a key factor in fund-raising. Many organizations seek to develop a recognizable “brand name” that is associated with certain values and objectives. Even if members of the public are unaware of the exact nature of an organization’s activities, they have a general sense that it is working for worthy goals and may be more likely to donate to the organization.

Group members include the Hong Kong Red Cross, Oxfam Hong Kong, World Vision Hong Kong, Medicins Sans Frontieres, The Salvation Army, Christian Action Hong Kong, Save the Children Hong Kong and Project Orbis International.

In other parts of Asia, the absence of adequate financial and auditing facilities means that organizations must allocate additional resources to verifying financial records.

One of the organizations interviewed noted that the fund-raising statistics of international organizations in Hong Kong indicate that the level of support has increased significantly over the past 10 years. Donations have increased both in absolute and in relative terms. The organization estimated that public donations to international organizations account for 20% of all public donations to the Third Sector in Hong Kong.

This has not always been the case. Up until the 1990s, many organizations with foreign origins relied on financial support from affiliated offices in Europe or the US. The funding for Hong Kong’s international organizations now comes primarily or entirely from Hong Kong donors.
A number of international organizations set up offices in Hong Kong with the goal of fund-raising. Under these circumstances, the Hong Kong office generally had little say in the allocation of funding worldwide. Funds were sent to headquarter officers in Europe and North America for distribution to various projects overseas. Today, most international organizations in Hong Kong allocate a significant percentage of resources to the Asia region and to China in particular. This reflects both practical considerations (cost of shipping, familiarity with Asia, etc.) and the priorities of Hong Kong donors. In 2001, three of the largest international organizations in Hong Kong allocated about 70% of their total funding, equal to over $193 million, to the Asia region. Of this, roughly $97 million, equal to about 35% of all international funding for these three organizations, was allocated specifically to China (including Hong Kong).

Although none of the organizations interviewed has a policy against accepting government aid, some may chose to keep government funding to a minimum. For example, one organization interviewed is required to maintain a 3:1 ratio of public to government funding. Grants from the Disaster Relief Fund are awarded to organizations only for humanitarian relief in the event of natural disasters. One organization noted that the HKSAR Government has chosen to interpret “relief” in a very specific way by focusing on quantifiable deliverables rather than the more intangible benefits of humanitarian assistance.


Although all of the organizations interviewed distinguished between private sector donors and individual donors, the findings of the Golin/Harris Forrest study suggest that traditional giving patterns in Hong Kong may blur this distinction. Although organizations generally approach private sector groups for fund-raising, donations are often in the form of a private donation from the head of the group. Golin/Harris Forrest (2001), The Role of Companies in the Development of a Vibrant Third Sector in Hong Kong.

Because it is not possible for organizations to approach individual donors personally, fund-raising appeals must be conducted using more anonymous and impersonal means, including mailings. Organizations agreed that direct mail is much more effective in soliciting funds from individual donors than email or internet appeals. Mailers are sent out several times a year to individuals who have contributed to the organization in the past. Many organizations send out mailings before major holidays, times when donations to Third Sector organizations typically increase.


To a certain extent, the nature of the activities of an organization determines whether or not a service fee can be implemented. It should be noted that none of the four organizations that apply service fees offers disaster and relief services. Disaster and relief organizations and many development assistance organizations provide services to communities experiencing humanitarian needs, social and political instability and resource limitations. In many cases, it may not be possible for service users to pay a fee for services received. Indeed, in some cases, it may be necessary for the organization to absorb incidental expenses in order to provide services to users; for example, transportation, housing and other living expenses.

Applications to hold a flag day event are approved by the Social Welfare Department. In the period from April 2002 to March 2003, 66 separate flag day events were approved. This includes flag day events for four international organizations. An organization may apply to hold a flag day only if it is registered as a charitable organization with the Inland Revenue Department.

The results of the Golin/Harris Forrest survey show that although only 5% of respondents identified international organizations as a priority target of philanthropic activity, an additional 9% identified “disaster appeals” as a priority target. While the survey did not specify whether disaster appeals were international or domestic in scope, it seems reasonable to assume that most respondents were referring to international disaster appeals. Golin/Harris Forrest (2001), The Role of Companies in the Development of a Vibrant Third Sector in Hong Kong.

One organization stressed the fact that developing intellectual capital is an essential part of meeting community needs. The organization said that projects are useless without the necessary intellectual investment. Historically, this has been a major issue in international fund-raising as donor perceptions of the needs of overseas communities are often very different from their actual
needs. For example, attempting to improve access to education by building more schools does not address the economic, social or cultural factors that may be preventing parents from sending their children to school.

One indication of the increase in fund-raising is the increase in the number of charitable organizations registered with the Inland Revenue Department. Between 1982 and 2000, the number of organizations with charitable status has increased almost threefold from 1,162 to 3,226. Holliday, Ian and Waikeung Tam (2001), “Social Capital in Hong Kong,” East Asia, Spring-Summer 2001, p. 156.

For example, in all of the locally-founded organizations interviewed, the current Director is a founder of the organization or a relative of the founder. This is not the case in any of the organizations interviewed that have foreign origins. Similarly, all of the locally founded organizations rely heavily on family connections or pre-existing professional connections. Again, this is not true of foreign-founded organizations. With one exception, the directors of locally-founded organizations have no prior experience in the Third Sector. By contrast, the directors of the foreign-founded organizations have considerable Third Sector experience, either with the organization or a similar organization.

Due to the fact that at least one of the organizations interviewed does not offer any financial remuneration to staff members, for the purposes of this report, staff members are distinguished from volunteers by the existence of a formal and binding agreement with the organization to undertake specific tasks for a given period of time.

Expectations of increased Third Sector accountability mark a significant shift in the development of Third Sector organizations. On a global level, organizations are expected to be more accountable to donors, volunteers and the general public. The Hong Kong community has also called for greater transparency and accountability from organizations. The Golin/Harris Forrest study of corporate philanthropy notes, “The message for Hong Kong is clear: if [Third Sector] organizations are to assume a larger role in support of important community initiatives, so they will need to recognise the importance of enhanced transparency and disclosure, and clear demonstrations of the value and effectiveness of their contribution.” Golin/Harris Forrest (2001), The Role of Companies in the Development of a Vibrant Third Sector in Hong Kong, p. 56. See also Salamon, Lester M., Leslie C. Hems and Katheryn Chinnock (2000), “The Nonprofit Sector: For What and for Whom?”

Existing information on volunteer activity appears to suggest that levels of volunteer activity in Hong Kong are relatively low compared with Third Sector trends worldwide. The findings of the Johns Hopkins Comparative Nonprofit Sector Project indicate that private philanthropic activity is dominated by volunteer work rather than private donations to the Third Sector. In a survey of 24 countries worldwide, volunteer work outweighed private cash donations on average ratio of 2:1. By contrast, a 1998 survey of Hong Kong residents found that 25% of respondents were members in Third Sector organizations. Of this 25%, only 28% – equal to 7% of total respondents – said that they participated in events sponsored by the organization on a regular basis. Holliday and Tam conclude that although levels of charitable donations in Hong Kong are comparable to those in the UK or the US, “In comparative terms, Hong Kongers do not take much interest in voluntary associations or voluntary work.” Holliday, Ian and Waikeung Tam (2001), “Social Capital in Hong Kong,” p. 164. For the findings of the Comparative Nonprofit Sector Project regarding levels of volunteer activity worldwide, see Salamon, Lester M. and Wojciech Sokolowski (2001), “Volunteering in Cross-National Perspective: Evidence From 24 Countries.” Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, no. 40. Baltimore: The Johns Hopkins Center for Civil Society Studies, 2001, <www.jhu.edu/~ccss/pubs/pdf/cnwpwp401.pdf>, Nov 25, 2002.

One of the organizations offers a financial stipend for field volunteers. However, this is intended to cover basic living expenses only.

In 2000, the Hong Kong Hospital Authority introduced an unpaid leave scheme for employees. Although organizations said that this is an important step in encouraging volunteer work among local professionals, they added that it may not address the real obstacles to volunteer recruitment, which are more likely to be cultural or social than financial. One of the organizations said that it had actually chosen to discontinue a special leave programme for volunteers due to hostility from volunteers’ colleagues, who saw the leave scheme as a sign of favouritism. The organization now requires field volunteers to use their vacation time to participate in overseas projects.

Organizations may experience an increase in donations in response to a specific emergency situation that impacts their activities, even if they have not launched a specific emergency appeal.
This is particularly true if the situation receives sustained media coverage or is particularly relevant to the values of the community. For example, many international organizations working in mainland China experienced an increase in donations from the Hong Kong community following widespread flooding in China in August 2002.

Interestingly, this observation runs counter to the findings of the recent Golin/Harris Forrest study of corporate philanthropy in Hong Kong, which suggested that only 9% of private sector donors are influenced by tax considerations, i.e. only 9% of private sector donors make decisions about giving based on whether or not they will receive a tax exemption because the recipient organization has charitable status. It is possible that individual giving in Hong Kong is more impacted by tax considerations. However, this seems unlikely given the fact that less than 50% of the population pays salaries tax and only 3% pay the full 15% tax rate (about 10,000 people). Hong Kong also has no capital gains tax. This situation differs significantly from that in the US or the UK, where tax considerations are an incentive for both private sector and individual giving. The perceived importance of charitable status by organizations may reflect the fact that charitable status serves as a form of “accreditation” for Third Sector organizations – in fact, the only form of accreditation for organizations in Hong Kong. Charitable status indicates to potential donors that the mission and activities of an organization have been reviewed and “approved” by government. Therefore, although tax considerations may not be significant for fund-raising, charitable status may be an important factor. Golin/Harris Forrest (2001), The Role of Companies in the Development of a Vibrant Third Sector in Hong Kong.

The attitude of the HKSAR Government was compared unfavourably with the attitude of the UK government, which has established a Department for International Development that contributes to organizations such as the Red Cross and UNICEF.

According to one of the organizations interviewed, the University of Hong Kong does offer a course in humanitarian aid. However, the course focuses on theoretical issues rather than practical application. Similar courses in Thailand and the Philippines are more comprehensive and skill-based.