

World View

A look at the fundraising profession around the globe

By Michael J. Rosen, CFRE

Keeping Charities Afloat in the Fragrant Harbor

In many respects, there has been little good news in Hong Kong (which means “Fragrant Harbor”) in 2003. According to a June 18 article in the *Far Eastern Economic Review* (see sidebar), last year the Hong Kong government budget deficit was just over HK\$60 billion. And that was *before* the outbreak of Severe Acute Respiratory Syndrome (SARS) this spring. The Community Chest, which is affiliated with United Way International and disburses government funds to 143 charities, suffered a HK\$40 million shortfall in last year’s targeted fundraising and has planned to decrease payments by HK\$64 million over the next two years.

The result? Hong Kong charities accustomed to generous government

funding in the past now have to learn to compete for a decreasing supply of dollars. Yet, maybe that’s good news after all.

Giving and Receiving

“The British were very good in providing government funding to nonprofits to run all of the social services, the educational systems and the arts,” says Terry A. Farris, founder and managing partner of Farris Associates Limited, a Hong Kong-based philanthropy and fundraising consulting firm. “Over 180 organizations were 85 percent funded by the government.” That generous support continued after the British returned Hong Kong to Chinese rule in 1997.

There are more than 5,000 charita-

ble organizations raising funds in the Hong Kong Special Administrative Region (SAR), of which about 500 are major in size, according to Farris. The largest



local charity, the Hong Kong Jockey Club, has contributed more than HK\$1 billion (approximately US\$128 million) annually for the past 10 years.

“Hong Kong has had a long history of philanthropy,” Farris says. “The Hong Kong Chinese are very generous in their time and in their gifts.” The Hong Kong Federation of Youth Groups issued a report based on a 2001 survey that found—

- 30 percent of the respondents gave money to charity in a 12-month period
- 60 percent donated resources other than money
- 20 percent said they volunteer for a charitable organization—most for more than 60 hours per year

While the figures reveal a strong tradition of giving, they also reveal enormous potential.

Learning the Basics

To tap the giving potential and help staff at Hong Kong’s NGOs (non-governmental organizations) become more effective fundraising professionals, Farris started working in 1998 to form an Association of Fundraising Professionals (AFP) chapter. His extraordinary efforts were rewarded in March 2003 when the AFP board of directors chartered the Hong Kong chapter. The chapter currently has 17 members but expects to increase that to 35 by the end of the year, according to Farris, who serves as the chapter’s first president. While accepted in Hong Kong, AFP and other professional associations that meet are not recognized in mainland China.



Victoria Harbor, Hong Kong

Vince Striano/Stone

“[Fundraisers in Hong Kong] need to understand the basics—the reason for developing a case for support, developing a systematic annual fund program, why it is important to have a database, and how to develop a major gift program and what role all of these programs play in a capital campaign,” Farris explains. “We feel that the most important program for us to start is our mentor program. It will allow us to use members from the [AFP] Aloha chapter (the chapter that sponsored the new Hong Kong chapter). We will focus the next six months on this program, and we will then have our chapter members look at where their greatest needs are.”

They won’t have to start completely from scratch. During the last 10 years, direct mail has been very successful in Hong Kong, Farris says. Until recently, international charities had no competition from local nonprofits and were able to build databases of 100,000 to 200,000 donors. Some have more than 50,000 monthly donors who give US\$12 a month. And now, more than 50 local organizations have started sending out direct mail appeals to Hong Kong’s 7 million people.

To ease the transition to greater self-reliance by Hong Kong’s educational institutions, the government has developed a new program. “Recently the government launched a [plan] to encourage Hong Kong’s eight universities to develop their internal fundraising capabilities by offering up to HK\$1 billion in matching funds on essentially a first-come-first-served basis,” explains John Peralta, CFRE, senior vice president of Farris Associates.

However, nothing compares to a national disaster to bring out the best in people.

“I Can Contribute”

As reported in the *Chicago Tribune* in June 2003, although SARS has had a devastating effect on the economy, the crisis has had a positive effect on many Hong Kongers’ view of giving and volunteering. “From time to time we have

events in Asia that make people rethink their lives, and SARS is one of them,” said Andy Xie, Morgan Stanley’s chief economist for Asia, in the article.

SARS infected more than 1,700 people, killing 290 of them. In response, the Chinese government banned public gatherings to limit the spread of SARS. Fundraising events had to be canceled or postponed, and many wealthy families left Hong Kong until the risk passed. Even the Hong Kong Jockey Club’s gambling revenues were affected. Nevertheless, charitable donations reached HK\$70 million (almost US\$9 million) in support of medical workers and victims of SARS, according to the *Economic Review*.

This generosity has surprised even some Hong Kongers. “We are people who never get together to do anything but negotiate and do deals,” explained Carmen Lam, group director of sales and marketing for Shangri-La Hotels, in the *Tribune* article. Before the SARS outbreak, “You would never think of asking a busy businessperson to get involved in a [charitable] project because they’d think you were



Vince Stream/Stone

cuckoo,” Lam said in the *Tribune*.

And now? The *Tribune* story adds, “If anything comes out of [SARS], I hope people will say, ‘I can do something. I can contribute,’” said Jeremy Kidner, a consultant and businessman in Hong Kong. “My fear is that the traditional Hong Kong—look after yourself and your family—eventually will reassert itself.”

Kidner’s observations reveal a way of thinking that can be traced back to Confucius, according to Jean Nicol, a Hong Kong-based psychologist. In the

Resources

To learn more about the AFP Hong Kong chapter and fundraising in this region, you can email Terry A. Farris, AFP Hong Kong chapter president, at tfarris@farrisassociates.com or John Peralta, CFRE, AFP Hong Kong chapter vice president, at peralta65@yahoo.com.

The Community Chest of Hong Kong website, www.commchest.org, contains information about the organization and its extensive philanthropic activities. For 2003 to 2004, the Community Chest contributed HK\$142 million to charity.

For information about the Hong Kong Jockey Club Charities Trust, visit www.hongkongjockeyclub.com/english/charity/mission.htm.

The Hong Federation of Youth Groups’ report *Youth Study Series No. 26: A Study on Social Capital with Regard to Giving, Volunteering, and Participating* can be found at www.hkfyg.org.hk/yr/english/yr-ys-26-e.html.

Read the articles mentioned in this article:

“Giving Hong kong Its Due” by Tim LeeMaster in Hong Kong, *Far Eastern Economic Review*, June 26, 2003.

“Letter from Hong Kong: Smiles are unmasked as SARS loosens deadly grip” by Michael A. Lev based in Beijing, *Chicago Tribune*, June 11, 2003.

“Confucianism—the root of Hong Kong’s search for wealth” by Jean Nicol, *South China Morning Post*, May 30, 2003.

South China Morning Post on May 30, she wrote that Confucianism may help explain the “every family for itself” attitude in Hong Kong: “It is a humanistic philosophy which promotes the kind of society that depends on a ruler being virtuous and on individuals making their lives a ‘model of virtue for posterity.’ In practical, modern-day terms,

that means a life worth living is one in which the ultimate concerns are related to money, reputation, morals and biology (longevity and prolonging the family line).” And that begins at home.

Will the charities that master the fundamentals of sound development be able to tap the giving potential of Hong Kong’s citizens—and continue the “I

can contribute” feeling? There are practically no tax incentives, but government challenge grants will provide some stimulus. Undoubtedly, government cutbacks will encourage more giving.

Farris is optimistic. “Many international organizations like ORBIS, Oxfam, MSF and World Vision raise over US\$10 to US\$20 million a year out of Hong Kong alone,” he says. “More and more international organizations are starting to set up shop here.”

Michael J. Rosen, CFRE, is an independent consultant. He is a member of the board of the AFP Foundation for Philanthropy, the AFP Greater Philadelphia Chapter, the AFP PAC, the Pennsbury Scholarship Foundation and the Jewish Federation of Greater Philadelphia.



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Hong Kong at a Glance

Total area: 1,092 sq. km; includes more than 200 islands

Comparative area: Six times the size of Washington, D.C.

Population: 7,303,334 (2002 est.)

Languages: Chinese (Cantonese), English; both are official

Religions: Eclectic mixture of local religions 90 percent; Christian 10 percent

Unemployment rate: 8.2 percent (2003)

Industries: Textiles, clothing, tourism, banking, shipping, electronics

Telephones (main lines in use): 3.9 million (1999)

Cell phones: 3.7 million (1999)

Internet users: 4.35 million (2002)

In the agreement signed July 1, 1997, China promised that, under its “one country, two systems” formula, China’s socialist economic system would not be imposed on Hong Kong and that Hong Kong would enjoy a high degree of autonomy in all matters except foreign and defense affairs for the next 50 years.