Transparency as Professionalism
An Interview with Xingzui Wang

YJIA: The China Foundation of Poverty Alleviation is the largest NGO [Non-Governmental Operation] in China. Could you give us a little bit of background on the Foundation and how it works with governmental institutions?

Wang: I’ll start by giving you some context as to how Chinese NGOs were founded. From 1949 to 1979, there were no NGOs of more than one term. Only after Deng Xiaoping started the reform agenda in the late 1970s when some of the functions were removed from the government to the market, did they emerge. Economic development did not benefit all the people. No matter how powerful the government is they are not able to reach out to every corner of society to meet the individualized needs of these marginalized people. It was at this time that there was a need for NGOs. Retired senior government officials, created all the “Gongo’s” so naturally they had a strong affiliation with the government, they were extended arms of the government.

YJIA: So do you see the creation of these NGOs coming from a sense of market failure first and foremost or from a government failure?

Wang: That’s right, as a result of market or government failure, or both. That’s why government bodies created them. This of course restricted the growth and development because they used administrative powers to implement projects. They didn’t care about whether the money from donations reached their potential beneficiaries, and how the money impacted these marginalized people. There is a national foundation, and they channel the money from Beijing to province to prefecture, to county to village and who knows where the money has gone? The entire process is not transparent. Our organization was managed like this. There was a crisis in the late 1990s, we were on the verge of bankruptcy and we realized it was extremely important for the organization to be restructured. A radical reformed agenda was put up. One of the most important acts was what we called “de-gongoing,” the process of moving away from the government to become a real NGO.

All Chinese NGOs have administrative affiliation or government status, for example if you a ministerial-level foundation, that means the chairman of your foundation is a minister. We wanted to remove those kinds of things, make it more market-based.

Xingzui Wang is currently a World Fellow at Yale and the Vice President of the China Foundation for Poverty Alleviation. He has over twenty years experience working on issues of rural poverty and development in China. Under his watch the Foundation grew to serve over 1.5 million people each year.
A chairman is a chairman, a CEO is a CEO. It has no connection with whether you are ministerial or vice ministerial government official. Then we applied the principles of business management into the NGO. As a result, the efficiency and effectiveness has increased significantly. In the past decade the number of our staff has increased from 20 plus to around 1200, and annual revenue has increased twenty-five times as compared to ten to fifteen years ago.

YJIA: And this restructuring, the introduction of greater market based principles- how has it affected governmental relations?

Wang: Now we are partners with the government. We are not enemies, not opponents, not rivals. Of course in political terms they are our host organization, so we have a government ministry to host us. You have to be hosted by the government ministry before you can actually register with the registration authority; it’s a pre condition. I think our relations are very good, we understand each other, we support each other, and we work on similar priorities. They don’t interfere in senior management elections, they don’t interfere in our regular operations, and they don’t interfere in our organizational management. We have a kind of a cooperative government structure.

YJIA: You are also a board member of the China Foundation Center, a transparency promoting organization within the Chinese NGO sector. Has this “de-gongo-ing” been successful in terms of increasing transparency within the sector?

Wang: I think that transparency is a part of professionalism. Of course at that time there was never any requirement at all for the government to disclose any information about how their money, or budget, was spent. So the NGOS were not encouraged. When they got the money from the government, they delivered the money to different levels of government; they were not really involved in designing, planning, implementing, and monitoring the value of the projects. They didn’t have that kind of professionalism and capacity to deliver a project to people who needed it. As a result, they don’t have data of the projects, who the beneficiaries were, and what the impact of the projects on the targets was. They couldn’t disclose information, and that’s why they couldn’t be transparent.

Moving away from the government and becoming a market-based NGO, following the principles of business, helps to build a capacity of professionalism. I think that the word “professionalism” is the big issue in order for an organization to be transparent. As far as we’re concerned, apart from building professionalism, and ourselves being transparent, we’re supporting the whole NGO sector to build capacity in this area. So
in 2011, we, along with dozens of Chinese NGOs founded China Foundation Center, inspired by the Foundation Center in the U.S. based in New York.

I did some hard work in 2011; in 2012 the center has developed a Foundation Transparency Index (FTI). The FTI has about sixty indicators. These indicators collect information about an NGO, what their research is, what their mission is, who their chairman is, who their director is—all kinds of legal information. It also collects data on their finances: how much money they raise and spend on projects, and how much money they spend on administration. There is project information [that looks at] how many projects are being implemented, where they are, what they do, what kind of people they target. Then they have information on donors, who they are, what they do. This initiative has been broadly welcomed by NGOs and by the government. The FTI is an automatic information system. Once you provide all the information they can provide a score. The score or performance is reflected and displayed on the website. So anyone interested in the NGO sector, about the degree of transparency of [a] particular organization or NGO, you can actually find the information on the website.

**YJIA:** You’ve been working on poverty alleviation for the past twenty years, what are some of the most successful policies you’ve witnessed?

**Wang:** In terms of poverty reduction, the most important factor is overall economic growth. The second reason nationwide poverty reduction has been so successful is that it has been led and driven by the government. I suspect China is one of the few countries in the world that has a nationwide poverty reduction program. The central government is the institution that works out a plan, and works out a budget, and has an entire system that is reaching village level. They work with multilaterals like the World Bank. NGOs do play some role, but as you know, NGOs are a new thing and are pretty young and their capacity, of course, is rather limited. As far as I can see, the most important thing for an NGO is to identify issues. Given that they are working in communities, they have very close contact with people in need, they are relatively more sensitive to social issues and can identify the issues earlier than other stakeholders of society. They find a way to address these social issues, and on the basis of that they develop a model, then they advocate the issue in society which will arouse the interest of another stakeholder, particularly government, and businesses.

Let me give you an example. Poverty in universities was once a severe problem. In the 1980s and early 1990s [the] Chinese education system was public, the government sponsored it all. When I was in university, I didn’t have to pay anything, on the contrary, I was given an allowance to cover my living costs. Our education was free. After the middle 1990s this policy was changed, so all universities, even public ones, charge now, and it’s very high, particularly in comparison to the poverty line. The poverty line at the time was 1000 Yuan, which is $115 a year, and in university you’re spending something like 10000 Yuan, which is ten times the annual income of a family.

In our investigation surveys, we found that the poverty percentage in universities was
20 to 30 percent, and 8 percent were part of absolute poverty. We then launched this new "Great Wall" project, which provides scholarships to poor university students, and some other NGOs followed. After eight or nine years of hard work, this became a heated topic in society. Wen Jiabao was premier at that time and said: "Yes, we've got money." That next year they allocated something like 16 billion Yuan or around $2.6 billion in U.S. dollars a year to sponsor poor university students. This is a role NGOs can play. We identified a problem, found a solution, and the government followed. Actually, the standard the government adopts is just like ours. For example, we give 2000 Yuan a year to students to cover their living costs and the government exactly followed that standard.

YJIA: You've largely focused on rural poverty so far in your career, how has urbanization affected your work on poverty?

Wang: Currently in terms of the number of poor people in China, the official figure is 120 million, out of which 100 million are rural poor, while only 20 million are urban poor. Poverty is really dependent on the speed of urbanization, if it’s a man-made push toward urbanization, forcing people without the skills to move to urban areas, then there is bound to be more poverty there. The new government seems very enthusiastic about urbanization, and recently there has been a lot of criticism. They should not develop a policy to speed up urbanization but they [government] say that urbanization is a result of economic growth.

YJIA: So do you think there should be a greater focus given to rural poverty over urban poverty?

Wang: I think the government has already paid a good deal of attention to rural poverty, nationwide programs have been implemented since the early 1980s to support rural poor. Instead of increasing resources toward rural poverty, I think the priority on poverty reduction should be shifted. After three decades of massive poverty reduction, basic infrastructure like roads, electricity, water have been largely resolved, or improved. Rather than simply provide these people with enough food or clothes, housing or shelter, it’s now more important to improve their income and social services—like health, education, and safety net—these sort of things.

A poor village in China is a very harsh place to live. Farming the land is almost impossible. It’s very hard to lead a decent life. Most of the people there are very poorly educated. They may have no education at all, or two to three years of very basic education, so they don’t have required skills, they can’t even read. Even if they move to the city, they can’t work there. Only if they received better education, vocational education or higher education will they move to the city and find better jobs.

Rather than simply giving money to people, you should find a way to build their capacity.
a way to build their capacity. Vocational education I also think is extremely important. Poor kids, because of family circumstance, will not be able to go to universities like in Beijing or Shanghai; vocational education, however, is everywhere, costs less, and many manufacturing industries require skilled workers.

**YJIA:** Centralization appears to have been critical in alleviating poverty in China, do you see this as an alternative model to poverty alleviation that emphasizes decentralization?

**Wang:** I think so, but China’s success is not just based on centralization, it’s a combination of decentralization and centralization. In terms of mobilization of resources, I think centralization is really good. But in terms of project implementation, in the initial years it was too centralized. The World Bank and the UNDP [United Nations Development Programme] came to China and taught the Chinese government about participatory appraisal and planning and that was adopted. So at the planning and implementation stage there was a kind of decentralized approach. I think there should be a combination. If you have a central will and you are determined to tackle this problem, in terms of resource mobilization, centralization is really good.

**YJIA:** Some statistics suggest there has been greater instability this year in China, is this something you’ve found?

**Wang:** I think so. The government spends a lot more money on safeguarding and maintaining social stability, but I think they should resolve some of the problems that have been causing instability.

I think the social sector represented by NGOs should play a greater role. Currently it’s really tiny, about six million people are employed which is less than 1 percent of the national labor force. The funds and annual revenue of the NGO sector last year was roughly 81.7 billion, which is only about 0.16 percent of the GDP, in the U.S. it’s about 2 percent of GDP. I think that in terms of upcoming reforms there should be less restrictions and more support for NGOs on the ground. Growing a more robust social sector should be one of the priorities of reform.

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– Interview conducted and edited by Louisa Brown.