

Project Outline

Beaten Paths on *Terra Incognita*?

Exploring the Internationalization of Chinese NGOs

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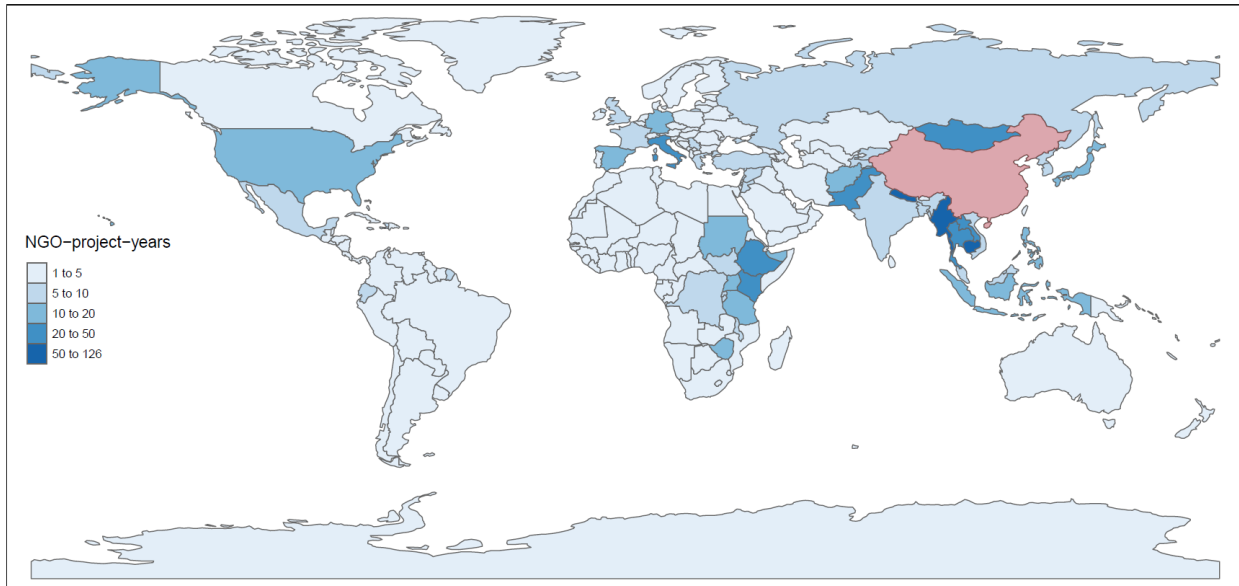
1 Introduction

The proposed project studies the location choice of Chinese non-governmental organisations (NGOs) that have begun to internationalize their operations in the recent decade. While the question of where international developmental NGOs operate has been addressed both theoretically and empirically (e.g. Brass, 2012; Fruttero and Gauri, 2005; Koch et al., 2009) before, the rather peculiar case of China has received little attention in the literature.

In contrast to many Western NGOs which often take an oppositional role, China's civil service organizations have traditionally collaborated very closely with governmental authorities on the joint provision of public goods (Fürst, 2020; C. Hsu, 2010; J. Y. Hsu et al., 2016; Wu, 2003). Therefore, we hypothesize that the location choice of global NGO projects has been determined chiefly by the location and magnitude of official Chinese finance, as well as official development projects several years prior, holding other factors constant. This is because the previous governmental engagement would imply both a higher potential benefit (altruistic, self-serving, or political) as well as lower costs due to prior experience, which makes higher NGO presence more likely.

To test this hypothesis, we rely on several discrete econometric models on panel data. The results are then compared to the location-decision behaviour of more established Western NGOs, to examine whether the 'follower' effect between the government and civil society groups has been stronger in a Chinese context. Ultimately, they should enhance our macro-level understanding of how Chinese non-governmental organizations operate internationally and which constraints govern their decision-making. Doing so provides a framework within which to understand their social, economic, and political implications alike.

Figure 1: Internationalization of Chinese NGOs



Notes: Aggregate projects of Chinese-based NGOs and foundations 2012-2020. The concentration in Europe and the US arises exclusively from Covid-19 related donations. Projects spanning over multiple years or countries are recorded for every year and country of origin. Longer projects thus feature more heavily as they suggest stronger NGO engagement. Data: Wang, 2020.

2 Data

To test the above hypothesis, we compile a global panel dataset from 2000-2020. The main variable are summarized in the table below.

Table 1: Variable summary

Variable	Description	Source
<i>NGO projects</i>	Number of concurrent NGO projects	Wang, 2020
<i>clend</i>	Official Chinese aid or lending per capita	Dreher et al., 2021
<i>GOV projects</i>	Number of Chinese government initiated projects	Dreher et al., 2021
<i>UN agree</i>	Number of agreements with China on roll-calls in the UN assembly	Voeten et al., 2009
<i>Polity</i>	Polity score from complete autocracy (-10) to democracy (10)	Marshall and Gurr, 2020
<i>Bil. Trade</i>	Sum of import and export trade from and to China	Conte et al., 2020
<i>Distance</i>	Distance between the largest city in country c and Shanghai in km	Conte et al., 2020
<i>cGDP</i>	GDP per capita in \$US 2014	World Bank, 2020
<i>Population</i>	The number of inhabitants per country	World Bank, 2020
<i>Eng. Language</i>	1 if the de facto or de jure language in the country is English, 0 otherwise	

Notes: Table summarizing the main variables in the dataset. All variables except *Distance* and *Language* are indexed for country c and time t .

3 Methodology

We consider a model of the general form,

$$NGO_{c,t} = \exp(\beta \mathbf{X}_{c,t} + \gamma Lend_{c,(t-\alpha)} + \delta GOV_{c,(t-\alpha)} + \varepsilon_{ct}) \quad (1)$$

where the dependent variable NGO_{ct} number of , $\mathbf{X}_{c,t}$ is a vector of country-time specific controls described in Table (1). For fixed effects specifications, country specific intercept ζ_c are added to estimate within effects and account for time-invariant geographical heterogeneity.

Given the high fraction of zero values and the fact that NGO is a discrete count variable, the above model will be estimated using a Poisson pseudo maximum likelihood estimator (PPML). This estimator has been shown to be consistent under heteroskedasticity and a high propensity of zero values (Silva and Tenreyro, 2006, 2011).

To evaluate the robustness of these estimates, we repeat the estimations using negative binomial regression as well as a Heckman selection model.

4 Outcomes

While quantifying the constraints of internationalizing Chinese NGOs has its own merits, the proposed project has implicit public policy and developmental implications. Considering that NGOs operate juxtaposed between civil societies and the public sector, better understanding their operative mechanisms is crucial for achieving developmental outcomes. Secondly, analysing the internationalization of Chinese NGOs specifically sheds some light on the soft power implications of China’s more active foreign trade and industrial policies, particularly in the wake of the Belt and Road Initiative that started in 2013. In that sense, the project will be part of a larger narrative that describes the reconfiguration of a new multipolar global order, where the Western (neo-)liberal model is no longer perceived as without alternative in achieving desirable economic, social, or environmental outcomes.

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