

The Social Impact Ecosystem in Hong Kong

Landscape Overview, Key Players, Structural
Inefficiencies and Ways Forward

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INTRODUCTION

Hong Kong's leadership has articulated a desire to position the city as a global philanthropic hub. Yet despite this ambition, the social impact landscape reveals a paradox. The sector has seen a proliferation of non-profit organisations, with 10,699 charitable organisations currently operating across the city, supported by historically significant funding. However, questions remain: Are these organisations solving Hong Kong's deep-rooted societal challenges? Sector practitioners argue that, beyond creating an ecosystem, changes are needed within the social sector, such as the development of sector expertise, before Hong Kong can become an attractive philanthropic hub and world leader in this area.

Arguably, a lack of funding or organisational will is not what holds the social sector back in Hong Kong. Rather, it is how key players, including funders and charities, are engaging in social impact work and the constraints of the system in which they operate. This raises an important question: Is Hong Kong truly practising philanthropy to solve social problems, or simply creating a thriving ecosystem of organisations that, despite their numbers, struggle to effect systemic change? Within Hong Kong's existing philanthropic infrastructure, several problems persist. Outdated laws, a lack of transparency, inefficient funding models, and poor public perceptions of the sector all contribute to a landscape where social progress is hampered. Challenges in professionalisation, along with a crisis of strategy and innovation, also hinder efforts to achieve meaningful change.

However, Hong Kong's social problems are entirely solvable. A strengthened and more impactful sector is achievable through better collaboration, more efficient use and allocation of resources, data-driven approaches, and cross-sectoral planning. The solutions are within reach; what is needed is the collective will to improve the sector by shifting focus from band-aid solutions to broad, systemic social change. This report series, guided by interviews with sector professionals and experts, will explore how Hong Kong can move beyond the current state to build a world-class social impact sector.

THE CURRENT LANDSCAPE: OVERVIEW

History of the Sector

The growth of Hong Kong's non-profit sector can be traced to rapid industrialisation and urbanisation, leading to increased social anxiety and riots between 1966-67.¹ The colonial government, struggling to cope with social needs, expanded public services related to healthcare, public housing, education and social services, with non-profits, including religious bodies and civic organisations, as key partners heavily involved in the provision of these services (Lee & Haque, 2008).² Hong Kong's government has since continued to emphasise a "positive non-interventionist" policy, heavily relying upon the third sector to deliver essential social services, creating a co-dependant relationship between the state and non-profit organisations for welfare and education provision.³

¹ Exploring Hong Kong Non-Profit Education Programmes, Journal of Nonprofit Education and Leadership 2022, Vol. 12, No. 3, pp. 1–16

² <https://toyotafound.my.salesforce-sites.com/psearch/servlet/servlet.FileDownload?file=00P5F00001TlpeKUAR>

³ <https://ericfichtl.org/articles/introduction-third-sector-hong-kong>

The Legal & Regulatory Charitable Landscape

Hong Kong, unlike other jurisdictions, does not have a comprehensive charities law. Charities are defined and regulated by case law, tax exemptions, and guidelines from government departments. To be defined as a charitable organisation, according to case law, organisations must have a ‘charitable purpose’ that benefits the public, and must have activities falling under four main categories, including 1) the relief of poverty; 2) the advancement of education, 3) the advancement of religion, and 4) other purposes beneficial to the Hong Kong community. Organisations with charitable purposes can apply for tax exemption under Section 88 of the Inland Revenue Ordinance (IRO)⁴, and charities are differentiated from non-profit organisations, which are not exempt from taxation.

Arguably, this lack of a statutory definition of charity, and archaic interpretation of charity stemming from 1891 Victorian-era case law, is distinctly out of alignment with contemporary societal charitable purposes, such as human rights, climate change, food security and public health.⁵ Hong Kong currently operates a fragmented and piecemeal approach to charity regulation, lacking a comprehensive charity law or a central regulatory authority. Charity licenses and oversight are conducted by the Inland Revenue Department and the Companies Ordinance, which represents a narrow focus on taxation and other financial matters. Experts argue this is a skills mismatch, and can lead to lengthy processing times and a lack of transparency in the sector. This creates regulatory gaps, a lack of coordination and inconsistent standards. While the Charities Sub-Committee of the Law Reform Commission called for a more comprehensive legal framework and Charity Commission in 2011 and 2013, the government has historically been slow to implement comprehensive reforms, citing ‘no consensus in the community’. In response to a 2017 review by the Audit Commission on the government’s support and monitoring of charities, recommendations were made to increase accountability, ensure proper use of resources and improve coordination between government bodies. The government has expressed its support for these recommendations and aims to emphasise clearer statutory frameworks, mandatory registration, and improve transparency to enhance charity governance.⁶

It is worth noting that charities are prohibited from having advocacy or change in laws or government policies as part of their scope, even if goals are aimed at poverty relief, religion or education.⁷ This has sparked discussions about the capacity of charitable work to effect system-wide change through its programming, particularly on issues driven by structural factors. It also highlights the important role of a collaborative approach, engaging a broad range of stakeholders across government, the private sector, and academia, to influence government and effect social change.

4 https://www.ird.gov.hk/eng/pdf/tax_guide_for_charities.pdf
5 <https://www.legco.gov.hk/research-publications/english/essentials-2021/ise06-regulation-of-malpractice-of-charitable-organizations.htm#endnote10>
6 https://www.aud.gov.hk/pdf_e/e68ch01sum.pdf
7 https://law.unimelb.edu.au/__data/assets/pdf_file/0008/4599800/Chapter-6-Rebecca-Lee.pdf

An Overview of the Social Impact Sector

Data from the Inland Revenue Department as of 2024 indicates there are a total of 10,699 tax-exempt charities in Hong Kong.⁸ The number of charitable organisations in Hong Kong continues to grow rapidly, increasing by 108.9% from 5,123 in 2007 to today’s levels.⁹ If we include subsidiaries and sub-subsidiaries, this figure rises to a staggering 18,519 organisations.¹⁰

Table 1: Data on tax-exempt charities and charities with tax exemption status withdrawn, as shared by the Inland Revenue Department

Year	Total number of tax-exempt charities	Charities newly exempted from paying tax		Charities with tax-exempt status have withdrawn	
		Number (Note) and year-on-year change	Percentage in total number of tax-exempt charities	Number and year-on-year change	Percentage in total number of tax-exempt charities
2022	9,856	449	4.6%	211	2.1%
2023	10,347	655 (+45.9%)	6.3%	208 (-1.4%)	2%
2024	10,699	578 (-11.8%)	5.4%	267 (+28.4%)	2.5%

8 <https://www.ird.gov.hk/eng/ppr/archives/24110601.htm>
9 <https://www.legco.gov.hk/yr10-11/english/panels/ws/papers/ws0824-sum201106-e.pdf>
10 <https://www.charity-finder.org/charity-database/>

Non-Profit Mandates

As there is no publicly accessible database of Charities in Hong Kong, providing transparency in the sector, Foundation for Shared Impact, a non-profit organisation, created Charity Finder¹¹, a database which summarises charity metrics. While IRD data reports 10,699 charities in Hong Kong, this number jumps to 18,519 charitable organisations if subsidiary organisations are included. Of these, only 157 primary organisations received government-subvented funding.

Among the primary organisations, the most common charity purposes were religion-related (527), human services (495) and education (266). Mirroring the charitable purposes outlined in case law, the most common Sustainable Development Goals charities addressing include SDG 11: Sustainable Cities and Communities; SDG 3: Good Health and Well-Being; SDG 4: Quality Education; and SDG 10: Reduced Inequality.

Table 2: Primary categories for charitable organisations in Hong Kong

Primary Category	Total
Religion Related	527
Human Services	495
Education	266
Arts and Culture and Humanities	218
Public and Societal Benefit	208
Health	148
Environment and Animals	108
International and Foreign Affairs	38
Mutual/Membership Benefit	16
Total	2024

Updated as of July, 2025

11 <https://www.charity-finder.org/charity-database/>

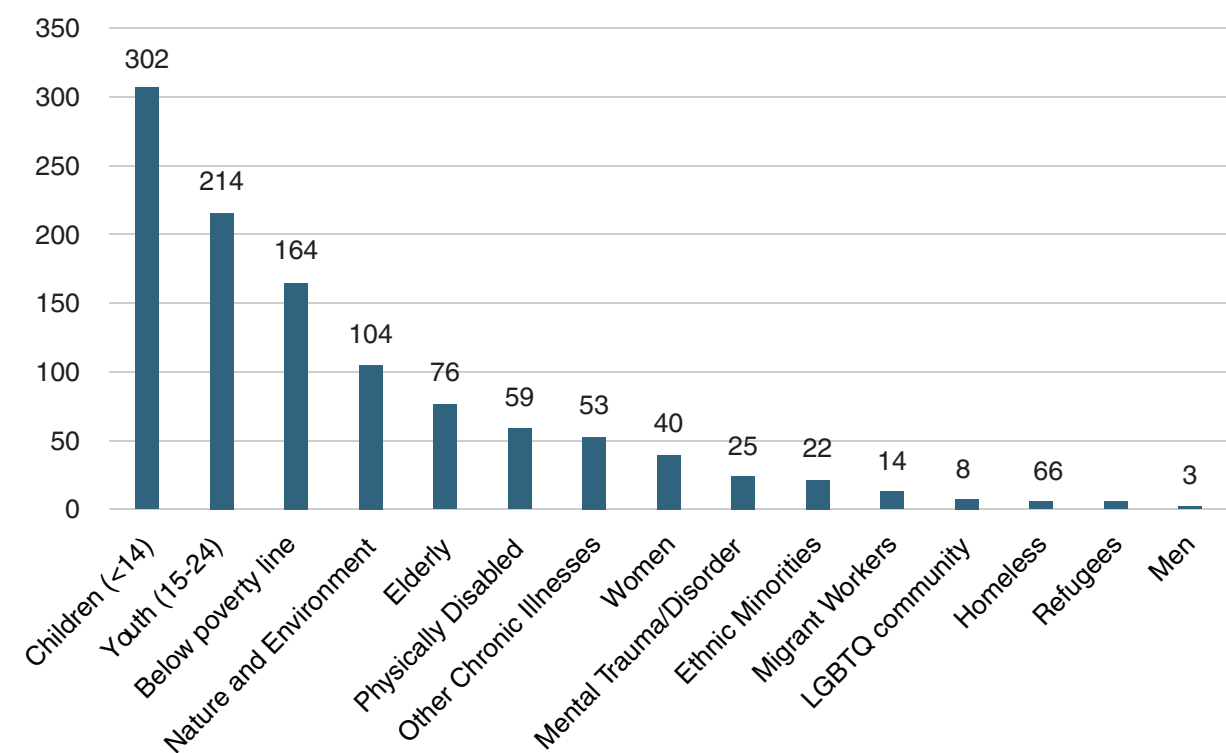
Table 3: SDGs for charitable organisations in Hong Kong

Primary Sustainable Development Goal	Total
SDG11: Sustainable Cities and Communities	692
SDG3: Good Health and Well-being	575
SDG4: Quality Education	319
SDG10: Reduced Inequality	105
SDG17: Partnerships for the Goals	56
SDG8: Decent Work and Economic Growth	52
SDG12: Responsible Consumption and Production	41
SDG16: Peace and Justice Strong Institutions	35
SDG5: Gender Equality	31
SDG9: Industry, Innovation, and Infrastructure	30
SDG15: Life on Land	25
SDG1: No Poverty	19
SDG13: Climate Action	12
SDG2: Zero Hunger	8
SDG6: Clean Water and Sanitation	4
SDG14: Life Below Water	3
SDG7: Affordable and Clean Energy	2
Total	2009

Updated as of July, 2025

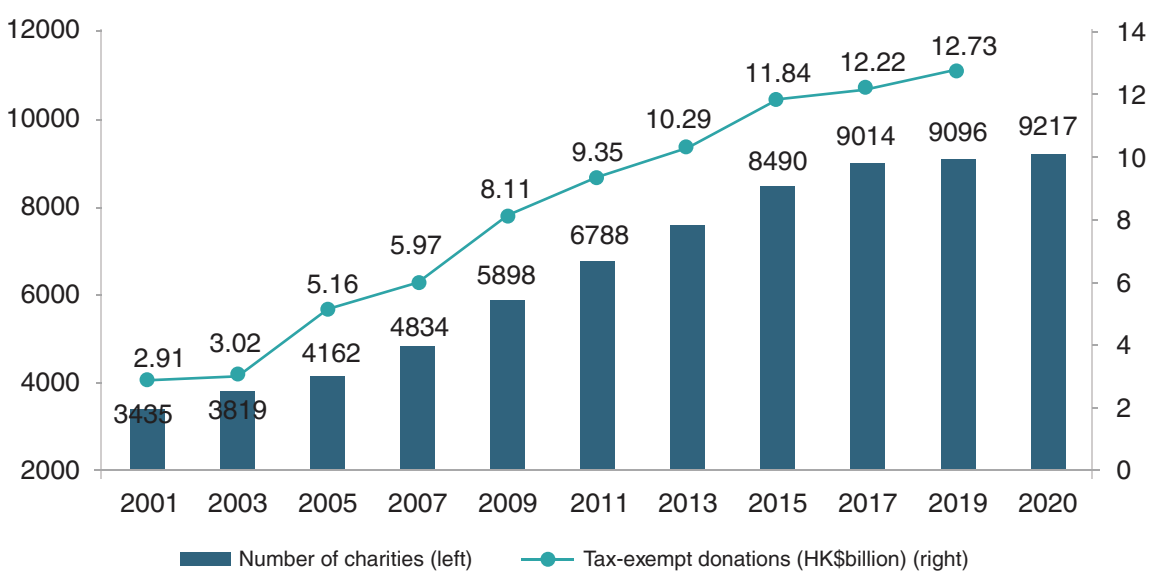
The data also indicates that the most common primary beneficiaries of charitable organisations are children, youth and those living below the poverty line. The data clearly highlights that the legal definition for charities also shapes the charitable purpose that organisations pursue. Funders noted that to meet legal requirements for obtaining tax-exempt status, organisations may prioritise a specific charitable purpose, such as poverty alleviation. This highlights the importance of having contemporary legal definitions that reflect modern societal needs.

Table 4: Primary Target Beneficiary served by charitable organisations



Updated as of July, 2025

Figure 1: Charities and tax-exempt donations in Hong Kong¹⁶



Hong Kong as a Philanthropic Hub

Hong Kong has a long history of charitable giving dating back to British colonial rule, with current subvented charitable organisations such as Tung Wah Group of Hospitals and Po Leung Kuk, serving the community since 1870, with a focus on education, medical care, orphanages, and elderly care.¹² As Figure 1 indicates, since the early 2000s, tax-exempt charitable donations in Hong Kong have nearly quadrupled. Most recent data from the IRD indicate that giving peaked in 2021-2022, totalling HKD \$14.3 billion, a 21% increase from the previous year.¹³ Due to its significant concentration of wealth, Hong Kong has been dubbed a philanthropic hub. The city is home to 66 billionaires, having one of the highest concentrations globally, and is ranked among one of the top cities in Asia housing ultra-high-net-worth (UHNW) individuals.¹⁴ Against this backdrop, Hong Kong’s Chief Executive John Lee has articulated a vision for Hong Kong as a philanthropic hub for global family offices, providing them with tools and resources for “social initiatives that create tangible impact.”¹⁵ However, philanthropic giving alone does not ensure that funding is achieving social change. The way funders plan, disburse, and monitor funding significantly shapes how non-profits operate and pursue social change, either enabling the development of sustainable, impactful organisations or hindering their effectiveness.

12 https://www.cafonline.org/docs/default-source/about-us-research/caf_world_giving_index_2022_210922-final.pdf
13 <https://www.ird.gov.hk/eng/ppr/archives/24110601.htm>
14 <https://www.fcdc.org.hk/media/uksaqtw/wealth-for-good-hong-kong-as-a-regional-philanthropic-hub-e.pdf>
15 <https://www.thestandard.com.hk/breaking-news/article/66089/HK-giving-its-all-in-push-to-be-philanthropic-hub>

16 <https://www.legco.gov.hk/research-publications/english/essentials-2021ise06-regulation-of-malpractice-of-charitable-organizations.htm#endnote10>



WHAT’S IN A NAME?: SEMANTICS OF THE SOCIAL IMPACT SECTOR

In critically considering the social impact sector, it matters how we describe it. Semantics define how we think about and view the non-profit sector as a whole. In Hong Kong, the ‘charitable’ definition of the non-profit sector conjures up the idea of an outdated form of charitable giving. This relates directly to public perceptions of the sector, which need to shift for the sector to progress.

There is ongoing debate about the appropriateness of using “charity” to describe the entire non-profit sector, as not all non-profits engage in charitable giving or direct relief work. Charity may inspire ideas of disaster relief, food banks or direct assistance to people living in poverty, which differs from a focus on systemic change among many non-profits. Many operate in advocacy, capacity-building, professional development, or cultural domains that don’t fit typical perceptions of charity. Also, some leaders argue that the word “charity” diminishes the strategic and systematic impact of organisations focused on complex social change, policy, or empowerment rather than direct aid.¹⁷ Some sector analysts highlight that referring to all non-profits as “charities” can mislead the public about the sector’s breadth and economic significance. It may also obscure the professionalisation, diversity, and strategic focus of many large non-profits, universities, and health organisations, which may not align with traditional ideas of charity as direct material relief.¹⁸

Even the term “non-profit” may not accurately capture social impact work, as it primarily refers to a legal status. For this report, the terminology ‘social impact organisation’ may be most relevant as it summarises the purpose which differentiates the organisations under study. We may even shift away from terminology referring to communities we serve as beneficiaries and towards their acknowledgement as communities we are seeking to engage. In doing so, we view them also as agents of societal change, rather than mere recipients of aid.

¹⁷ <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>
¹⁸ <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>



KEY PLAYERS IN THE SOCIAL IMPACT SPACE

Communities

Social impact organisations are formed to benefit the public. Rather than serving private interests, they contribute to societal well-being, with communities and stakeholder groups being central to their purpose. They provide essential services and fill critical gaps addressing public need and well-being beyond what government or commercial sectors can provide.¹⁹ They provide a space for community and civic engagement and collective work to address shared problems, often advocating for marginalised groups and addressing systemic social challenges.²⁰ Community or ‘beneficiary’ engagement is central to ensuring social impact interventions are relevant and address real societal needs.

¹⁹ <https://pmc.ncbi.nlm.nih.gov/articles/PMC8482971/>
²⁰ <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>

Social Impact Organisations

As discussed above, there are many ways to define social impact organisations. In Hong Kong, they are ‘charities’, which is often used interchangeably with the term ‘non-profit.’ These organisations serve mission-driven roles addressing diverse social, educational, cultural, scientific, and health-related needs. They exist to fill gaps not served by government or commercial sectors, often focusing on marginalised populations and systemic social issues. In Hong Kong, these organisations play a key role in providing essential public services, such as social services, health care, and education services that are typically provided by governments.²¹

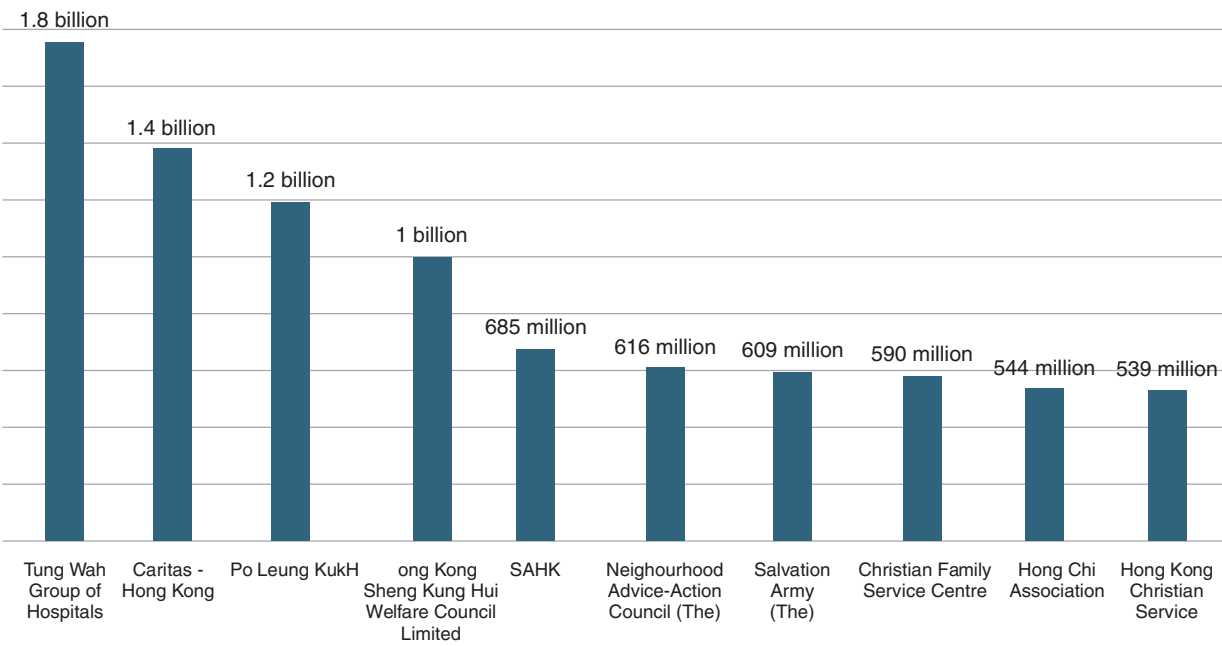
The government outsources and relies upon social impact organisations for essential service delivery via subvention. Subvented organisations receive recurrent financial grants to deliver the majority of Hong Kong’s social welfare, educational, hospital, and youth services on behalf of the government.²² One study indicates that non-profits operate 83% of primary schools, 68% of secondary schools, 70% of social welfare services and over 100 hospitals and health care units.²³ There are major operational differences between subvented organisations and other non-profits; they are well funded, but also highly bureaucratic and subject to government guidelines, oversight and compliance.²⁴ Subvented organisations receive large sums of money with strings attached, including extensive reporting requirements. They operate at scale, touching many lives, which arguably makes them more risk-averse. Some sector leaders criticise these organisations for their limited impact, offering blanket rather than holistic solutions that do not address the root causes of social issues. Given their substantial budgets, they have the potential to effect widespread change; however, many organisations are hindered by bureaucracy, risk aversion, weak leadership, and inflexibility, resulting in only marginal gains in impact.

For non-subvented organisations, the funding ecosystem is very different. They rely on fundraising from corporations, grants or private foundations and often compete with hundreds of other organisations for limited resources. These grants are typically programme-specific or restricted funds, which cannot be used for operational expenses. Non-subvented organisations have greater autonomy in decision-making and programme design and often specialise in areas where government gaps exist. However, they face financial risk, lack resources for back-office functions and struggle with attracting and retaining talent. Smaller organisations are reported to be more innovative, with a higher risk appetite, which is needed to pursue holistic change; however, within a competitive funding climate, they are reportedly ‘fear-driven’, competing amongst themselves for limited funding, which hinders organisational impact.

For comparison, St. James’ Settlement, a subvented charity in Hong Kong, received over HKD 463 million in government funding for the 2023-24 financial year, reflecting its large-scale operations. In comparison, Impact Hong Kong, a non-subvented organisation focused on ending homelessness, operates with an annual budget of around HKD 33 million, representing a successfully funded larger non-profit within the non-subvented sector. Smaller non-profits comparatively face challenges with financial sustainability. One comparable example is Bethune House, a shelter for distressed migrant women, which launched a campaign for just 1 million HKD to save their shelter in 2024, after several grant applications fell through and they were left with only 2 months of operational runway.²⁵

Recent reductions in government subvention funding have pushed more competition for resources between larger bureaucratic subvented organisations and other non-profits. Trends indicate that in 2022-2023, donations decreased by 13% to pre-2019 levels, suggesting a potential reduction in giving.²⁶ A perceived or actual scarcity of funding may exacerbate a fear-driven sector, rather than financing them to succeed in creating systemic change.

Figure 2: Top 10 largest government subvention allocations in 2023-24 (\$)



Hong Kong, as a historical finance centre, is also a regional hub for international organisations, with 47 organisations, such as UNICEF, Oxfam and World Vision, reporting offices as of 2020, and serving as a base and fundraising hub for the Asia Pacific.²⁷ As a result, a significant proportion of funds raised in Hong Kong immediately exits the territory to finance global and regional social impact work.

21 <https://toyotafound.my.salesforce-sites.com/psearch/servlet/servlet.FileDownload?file=00P5F00001TlpeKUAR>
22 [https://www.swd.gov.hk/storage/asset/section/585/en/\(Eng\)%20Updated%20in%20April%202025_Social%20Welfare%20Services%20Lump%20Sum%20Grant%20Subvention%20Manual%20\(October%202024\)%20\(Rev_%202025_05_23\).pdf](https://www.swd.gov.hk/storage/asset/section/585/en/(Eng)%20Updated%20in%20April%202025_Social%20Welfare%20Services%20Lump%20Sum%20Grant%20Subvention%20Manual%20(October%202024)%20(Rev_%202025_05_23).pdf)
23 <https://ericfichtl.org/articles/introduction-third-sector-hong-kong>
24 https://www.edb.gov.hk/attachment/en/sch-admin/fin-management/subsidy-info/tips-handling-gov-subventions/guide_to_cg_for_so_2015.pdf
25 <https://hongkongfp.com/2024/09/09/hong-kong-shelter-for-migrant-women-launches-hk1m-donation-drive-after-funding-falls-through/>

26 <https://www.ird.gov.hk/eng/ppr/archives/24110601.htm>
27 <https://toyotafound.my.salesforce-sites.com/psearch/servlet/servlet.FileDownload?file=00P5F00001TlpeKUAR>

Government

Outside of charitable donations, Hong Kong’s government provides direct funding to social services, primarily through social delivery organisations by way of subvention. In 2022-2023, government contributions to subvented organisations totalled HKD\$23.3 billion.²⁸ The government also has several direct funding schemes aimed at addressing social challenges that organisations can apply to, including the Social Innovation and Entrepreneurship Development Fund (SIE Fund), Partnership Fund for the Disadvantaged (PFD) and the Community Care Fund (CCF).

Social Impact Funders

The Hong Kong Jockey Club Charities Trust is the largest charitable foundation in Hong Kong and one of the biggest in Asia, averaging donations of HK\$5.7 billion per year to the community in the last decade and HK\$10.2 billion in 2023-2024 alone, spread across 247 projects.²⁹ The Trust also established the Institute of Philanthropy with an initial investment of HK\$5 billion to promote philanthropic thought leadership and professionalisation in the sector, in a move that shows they are positioning themselves among other global leading philanthropists.

As of 2025, there are a total of 2,000 charitable foundations in Hong Kong managing an estimated US\$10.6 billion in assets.³⁰ Some of the key players are family foundations started by affluent families in the city. Prominent examples include the Li Ka Shing Foundation, the Kadoorie Charitable Foundation, the Chen Yet-Sen Family Foundation, the Chow Tai Fook Charity Foundation and the Keswick Foundation. Research indicates that in 2022, family foundations were directly funding 59% of social delivery organisations in Hong Kong.³¹ Family foundations may have more flexibility to explore innovative approaches and be more willing to take calculated risks in funding, particularly when compared with larger bureaucratic funders such as the government, which tend to be more risk-averse.

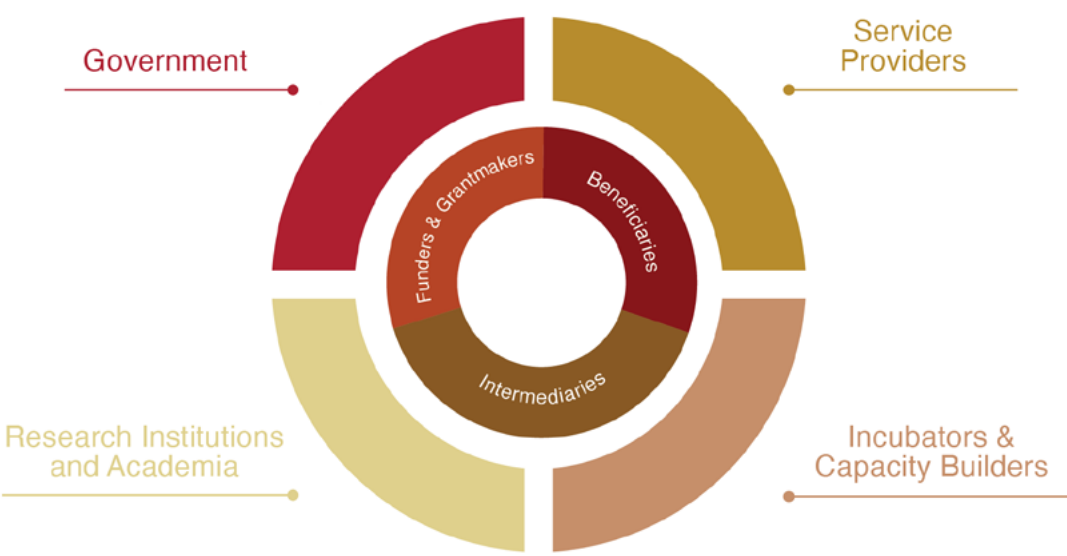
Private Sector

Other private sector stakeholders, including banks, local enterprises, and multinational corporations, provide a significant share of non-profit funding, particularly through structured Corporate Social Responsibility (CSR) programmes, which fund community projects, skills development, and social innovation. Some initiatives also engage business professionals as board members or advisors to non-profits, providing strategic support. Outside of financial resources, the private sector can offer pro bono services, in-kind resources (such as technology and logistics) and skills including management, leadership, and operational efficiency. Such contributions are underutilised among the social sector in Hong Kong, and there is significant room for co-designed social interventions that combine private sector innovation, skills, and influence with the mission-driven approach of non-profits, to scale impact, amplify advocacy and influence social change.

Academia

Hong Kong universities began offering courses on non-profit management in 2012. Since then, a total of seven universities have integrated non-profit education into their curricula, focusing on management, interdisciplinary studies, and social entrepreneurship. Other programmes, funded research, and thought leadership initiatives are geared towards knowledge sharing, sector professionalisation, research and capacity building. As most social welfare and educational institutions in Hong Kong are non-profits, education is a core pillar of the sector. Academics are also a key part of the social impact ecosystem, as they possess talent, relevant skills, and important leverage to engage policymakers. However, more action-oriented research grounded in direct community impact and meaningful dialogue between academics and other sector stakeholders is needed to drive the sector forward and ensure academics contribute to real-world impact.

Figure 3: The philanthropic ecosystem in Hong Kong



Source: FSDC; adaptation of AVPN (2022), Centre for Asian Philanthropy and Society (CAPS) (2023), and Worldwide Initiatives for Grantmaker Support (WINGS) reports

28 <https://www.fsd.org.hk/media/ukeaqtqw/wealth-for-good-hong-kong-as-a-regional-philanthropic-hub-e.pdf>
29 <https://charities.hkjc.com/charities/english/charities-trust/index.aspx>
30 https://avpn.asia/wp-content/uploads/dlm_uploads/2017/11/SIL_Hong-Kong_FINAL_Web-Version.pdf
31 <https://www.fsd.org.hk/media/ukeaqtqw/wealth-for-good-hong-kong-as-a-regional-philanthropic-hub-e.pdf>



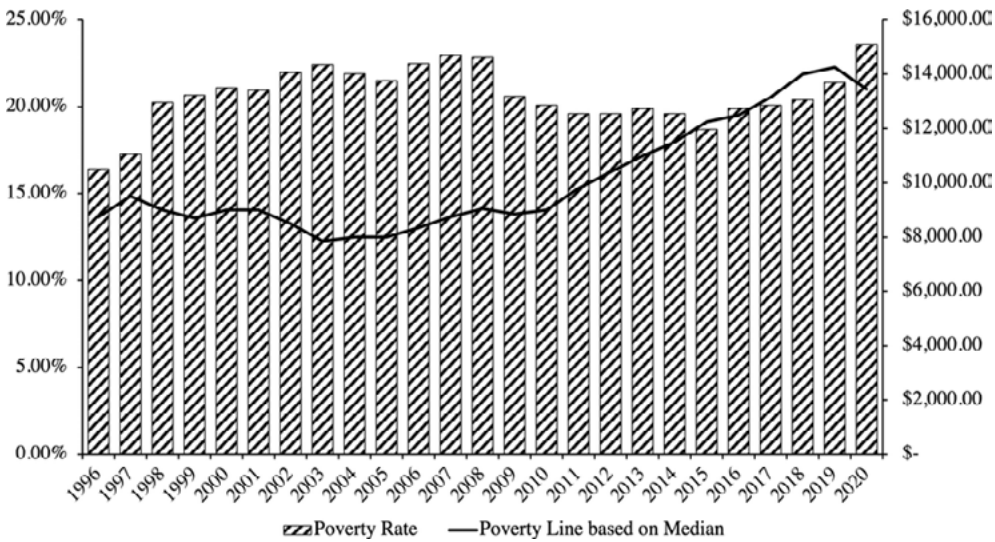
MEASURING SOCIAL IMPACT: PROGRESS ON POVERTY ALLEVIATION

As a thought experiment, it is worth considering the first ‘charitable purpose’ in under Hong Kong case law, ‘the relief of poverty’, and reflecting on progress that has been made in this area. The preceding sections have outlined that there is no shortage of funding for charitable causes or organisations, and at least 124 organisations are working on poverty alleviation. However, this figure is likely an underestimation. Poverty alleviation is also included among one of 5 key priority areas for Hong Kong’s biggest funder, the Hong Kong Jockey Club Charities Trust,³² and a priority of the Hong Kong government, as evidenced by their Commission on Poverty, established in 2012.³³

While appropriate metrics to quantify poverty are debated, a 2023 study analysed Hong Kong census data to measure poverty, and indicated that both poverty rates and the poverty line have steadily increased in the last decade (Figure 5).³⁴ Data from the census and statistics department confirms that the poverty rate in the city has, in fact, risen from 19.6% in 2014 to 20.2% in 2024, representing 1.36 million people living in poverty.³⁵

32 <https://charities.hkjc.com/charities/english/charities-trust/index.aspx#:~:text=Annual%20Donation,173%20charitable%20and%20community%20projects>
33 <https://www.commissiononpoverty.gov.hk/eng/welcome.html>
34 https://www.researchgate.net/publication/370687691_Reassessing_the_econometric_measurement_of_inequality_and_poverty_toward_a_cost-of-living_approach
35 https://www.oxfam.org.hk/en/fi/news_and_publication/115619/Poverty%20Report%202024%20PPT%20Eng.pdf

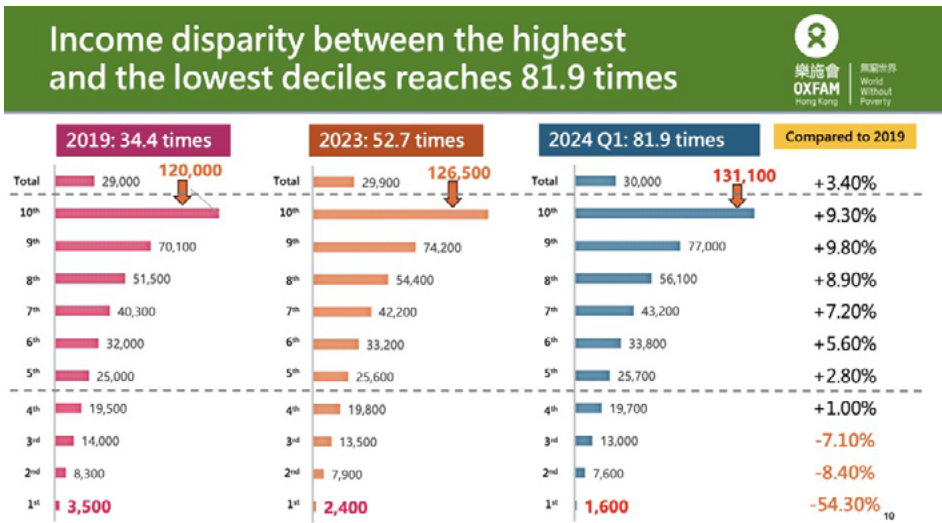
Figure 5: Poverty rate and poverty line of Hong Kong



Poverty rate and poverty line of Hong Kong based on standard configurations of Eq. (3) Source: Author’s calculations based on data from the Census and Statistics Department of Hong Kong (2021b) and the Legislative Council of Hong Kong (2001)

In measuring inequality, Oxfam in 2024 analysed median monthly household income by decile, for the poorest and wealthiest 10% of Hong Kong society. They found that household income for the poorest in society has plummeted to an average of just HKD\$1,600 per month, a decrease of 54.3% since pre-pandemic levels in 2019. They found a wealth disparity of 81.9 times between both groups, more than double the wealth disparity recorded in 2019 (Figure 6).³⁶

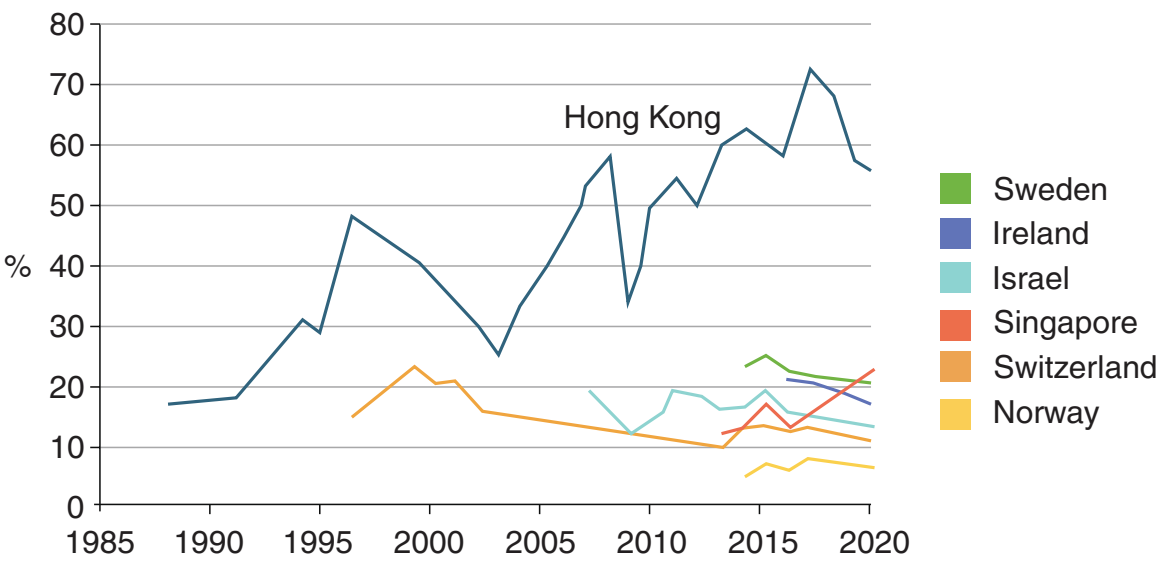
Figure 6: Data on income disparity in Hong Kong as reported by Oxfam³⁷



36 <https://www.oxfam.org.hk/en/news-and-publication/the-wealth-gap-in-hong-kong-surges-to-819-times-elderly-poverty-exceed-580000>
37 https://www.oxfam.org.hk/en/fi/news_and_publication/115619/Poverty%20Report%202024%20PPT%20Eng.pdf

Measures of inequality, however, are also subject to debate. Research from Stanford’s Centre on China, critiquing conventional measures of inequality, proposed a new measure based on drivers of income and wealth inequality over four decades. Key takeaways from the data indicate that in the past 40 years, the wage share earned by the bottom 50% of the population dropped from 18.7% to 11.6%, while since 2001, the capital (versus labour) share of Hong Kong’s economy rose from 32% to 53%, mostly benefiting people in the highest income brackets.³⁸ Furthermore, the wealthiest 0.001% account for 55% of the city’s income, a figure that has tripled since 1988. While it is arguable that growing wealth inequality is a global phenomenon, data indicate that Hong Kong is barely comparable to other high-income countries, with its wealth inequality ranking highest in the world and far exceeding that of Russia, the U.S., and China (Figure 7). This analysis, supported by multiple sources, indicates that despite charitable efforts, poverty and inequality in Hong Kong have actually worsened over time rather than improved.

Figure 7: Top 0.001% wealth of Hong Kong versus other high-income countries³⁹



STRUCTURAL CHALLENGES LIMITING IMPACT

The data presented indicates that, rather than a lack of funding or organisational will, perhaps there are structural problems within the social impact sector that prevent it from succeeding. Key informant interviews with experts shine a light on existing challenges:

Systemic Challenges

- 1) **Sector Fragmentation:** Fear-driven organisations competing for funding are not incentivised to collaborate, which is needed to effect widespread social change. While some examples of like-minded funders collaborating exist, the scale of this collaboration is not nearly enough to effect broad systems change, with many still working in silos.
- 2) **Ambiguous Laws and Regulatory Framework:** Laws and regulatory frameworks are often out of alignment with contemporary social impact work, and regulations are weak. Other comparable jurisdictions have clear definitions, charity laws and central registers to ensure transparency, accountability, direction, and trust, which is missing in the Hong Kong context.
- 3) **Negative Public Perceptions:** Misconceptions and stereotyping of the sector prevail, and a conflation of charity and social impact work holds that sector back, influencing the funding landscape and public sentiment.

³⁸ <https://sccei.fsi.stanford.edu/china-briefs/how-hong-kong-became-one-most-unequal-places-world>
³⁹ <https://sccei.fsi.stanford.edu/china-briefs/how-hong-kong-became-one-most-unequal-places-world>

Operational Challenges

- 4) **Restrictive Funding Models:** Restricted funding models, resource scarcity, and competition determine how social impact organisations can operate, in some cases limiting organisational growth and preventing organisations from pursuing holistic change.
- 5) **Sector Professionalisation & Talent Retention:** Funding limitations, particularly for organisational health and infrastructure, hinder talent attraction, development, and retention in the sector. A lack of resources to nurture and upskill quality talent disincentivises sector participation with implications for organisational longevity.

Strategic Challenges

- 6) **Weak Governance:** A lack of regulation and reporting requirements means in some cases, charity governance is weak. A lack of transparency also hampers governance and due diligence within the sector, in some cases leading to mismanagement and eroding public trust.⁴⁰
- 7) **Challenges in Impact:** Many organisations pursue blanket solutions, rather than engaging in the messy and complicated work of solving the root causes of social problems, in some part driven by funding restrictions, a lack of long-term strategic planning and thinking, and a lack of risk appetite and innovation among larger organisations.
- 8) **Risk-Aversion and Lack of Innovation:** Larger organisations should increase their risk appetite and pursue innovation to achieve ambitious social change. On the other hand, a restrictive funding landscape and competition disincentivise smaller organisations from taking on risk.



Ways Forward

Regarding poverty alleviation, China lifting 800 million people out of extreme poverty in four decades offers key lessons for social impact work in Hong Kong. Notably, the strategy employed a “whole of society” approach, combining the entire administrative apparatus with the private sector, academia, and communities. It addressed poverty as a multidimensional issue, related to healthcare, housing and long-term education, in other words, a long-term holistic intervention rather than a quick fix. The intervention was data-driven, with poor households tracked and surveyed, exemplifying the importance of accurate, transparent, and shared information, and a coordinated strategy.⁴¹ In Hong Kong, the social impact sector is in many ways fragmented, with organisations competing rather than cooperating, and funders working in silos. Limited by funding and risk-aversion, organisations may be opting for band-aid solutions rather than holistic systemic change. The aforementioned strategies, of multi-stakeholder societal-wide collaborations, a holistic consideration of social issues, and data-driven approaches, are key to unlocking a more impactful social impact sector in Hong Kong.

This report series will delve into these challenges in depth, drawing on insights from interviews with sector practitioners to examine prevailing challenges, potential solutions, and best practices in global social impact work. To overcome the various challenges faced in the sector, narrative shifts are needed to bring fresh perspectives on social impact work, emphasising the unique and collaborative role that each stakeholder must play in driving social change. Sharing of ideas, innovation, and more ambitious agendas is essential to ensure that social impact work is holistic. Best practices from the private sector, in governance, organisational efficiency and risk appetite have a role to play in ensuring that social impact organisations can reach their ambitious agendas. If Hong Kong aims to become a philanthropic hub, increased transparency within the charity sector is essential, along with an updated legal framework that provides clarity on the purpose and scope of this work in the modern era. Hong Kong should not only be a hub for philanthropy, but also for social innovation and impact. To achieve this, we must go beyond traditional philanthropy to ask: how can we truly achieve social change?

⁴⁰ <https://cgj.hkcgj.org.hk/charity-governance-hong-kong>

⁴¹ <https://americanaffairsjournal.org/2022/02/how-china-defeated-poverty/#:~:text=In%20concrete%20terms%2C%20China%20lifted,feed%20him%20for%20a%20day>



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