



GOVERNMENT BUDGET 2026-27

GENEROCITY HONG KONG SUBMISSION

1. Generocity Hong Kong makes the following submission in response to the Government's consultation on the Budget 2026-2027. Suggestions are underlined.

Becoming Asia's leader of philanthropy

2. Charities Aid Foundation publishes the World Giving Report¹, which has become a global benchmark for generosity since its first release in 2010. The 2025 edition revealed that, of all the people in the world, we in Hong Kong come in first place for giving the largest share of their donations to charities (rather than to religious organizations or directly to people), and 70% of the population have donated², which is above the global average of 64%. We should capitalize on our number one position by building on our strength: enhancing the work of Hong Kong charities internationally. Below are further reasons to pursue this policy.
3. Hong Kong has 17,536 charities³. With our population of 7.5 million, this is one charity per 430 residents.

¹ [Donor Insights](#), Charities Aid Foundation.

² [Explore the data](#), Charities Aid Foundation.

³ [LIST OF CHARITABLE INSTITUTIONS AND TRUSTS OF A PUBLIC CHARACTER, WHICH ARE EXEMPT FROM TAX UNDER SECTION 88 OF THE INLAND REVENUE ORDINANCE AS AT 30 NOVEMBER 2025](#), The Inland Revenue Department

4. The Fourth Plenary Session of the 20th Central Committee of the Communist Party of China⁴ has prioritised philanthropy development, including corporate, social organisation and individual aspects. The refinement of the 2016 Charity Law in China has demonstrated the determination of enhancing philanthropy activities.
5. The US Agency for International Development (USAID), focused on areas in global health, humanitarian relief & development, officially closed in July 2025 after over 60 years of operation. More than 40 percent of the world's humanitarian work was funded by USAID. More than 80% of all the agency's programmes were cancelled as of March. Major countries such as the UK, France and Germany have also reduced their overseas aid.
6. Since Hong Kong established the Disaster Relief Fund (DRF) in 1993, the government has approved 576 grants, an average of 18 annually⁵. The target processing time for the conventional mechanism and fast-track mechanism are 12 working days and 3 working days, respectively, but the actual processing time can be months. Proper vetting and deliberation are important; but for disaster relief, time is critical. With the sluggish timeline and limited transparency of the process, the goal of becoming the philanthropic center of Asia may be hard to reach.

⁴ [二十届四中全会《建议》：为公益慈善、社会组织、养老事业、志愿服务、社会工作未来五年发展定调！](#), China Philanthropy Times

⁵ [Disaster Relief Fund Approved Grants](#), DATA.GOV.HK

Economic impact as a regional philanthropic hub

7. Hong Kong Financial Services Development Council (FSDC) Paper No.60⁶, titled “Wealth for Good: Hong Kong as a Regional Philanthropic Hub” and issued in February 2024, has prompted the importance of a refined philanthropic ecosystem that can drive the interest of family offices establishment. With a series of ancillary benefits, the impact investors, asset managers and more institutions who are looking for facilitating social impacts will lay their eyes on Hong Kong. FSDC was formed with the aim of expanding the scope of the financial markets of Hong Kong and enhancing the competitiveness of Hong Kong as a global financial hub. It is undoubted that an advanced philanthropic system can bring a positive economic impact to Hong Kong.
8. Hong Kong’s proximity to Mainland China, combined with its status as a global financial and connectivity hub, uniquely positions it as a natural bridge for cross-border philanthropy and international development. Long recognised as the gateway for global businesses entering the Mainland, Hong Kong can extend this role to channel philanthropic capital, expertise, and partnerships from both international and Mainland donors into high-impact projects across China and the wider region.
9. With more than half of Hong Kong’s charitable giving already directed across borders⁶, the city has demonstrated its capacity to operate as a regional philanthropic platform. This bridging role enables Hong Kong to convene global and Chinese development actors to co-design initiatives including Belt and Road that combine financial strength with stronger social and sustainability standards.

⁶ [“Wealth for Good: Hong Kong as a Regional Philanthropic Hub”](#), Financial Services Development Council

10. A paper titled “Hong Kong: Showcasing how Impact Capital Makes a Difference”, issued in September 2025⁷, has highlighted that philanthropic foundations can serve as key enablers within the strategic financing framework of impact capital. The HKEX Impact Funding scheme deploys structured, outcomes-oriented capital in support of measurable community-level impact. Furthermore, there is a growing trend of family offices turning strategic intent into measurable philanthropic investment.
11. In the same paper, it suggests that private wealth is looking for more purpose-driven and impact-driven investment. The efficiency of impact capital is not only boosting the city’s economy, but also propelling cross-border investment aligned with development priorities across Mainland China.

Improving Hong Kong’s image

12. Hong Kong has been facing a series of challenges since COVID-19. Against these obstacles, policies to stimulate the economy have been implemented, including the “Panda economy” and mega events. However, to achieve long-term and sustainable benefits, we need to incubate a dynamic philanthropic ecosystem by leveraging Hong Kong’s robust financial base.
13. In the 2025/26 budget proposal, the Finance Secretary called for “A Caring and Inclusive Community”. Lending a helping hand to people around the world in their time of greatest need demonstrates to the world that Hong Kong is a warm and caring place, and gives us pride in the help we as Hong Kong give to others.
14. While it is imperative to increase the city’s economy, it is equally important to benefit society. Providing assistance to communities in crisis around the world

⁷ [Hong Kong: Showcasing how Impact Capital Makes a Difference](#), Financial Services Development Council

demonstrates Hong Kong's commitment to compassion and global responsibility, strengthening its international reputation and civic pride to fulfil its role as "super connector" and "super value adder".

Strategic initiatives for impact-led economic growth

Adjust the 5% ceiling on administrative cost of DRF

15. According to the Guide to Grant Application released by the Hong Kong Special Administrative Region Disaster Relief Fund issued in December 2024, the administrative expense is restricted to under 5% of the grant or 5% of total expenditure, whichever is less.
16. The administrative cost is explicitly confined to use in the daily operation of the applicant organisation, unless additional staff expenses are derived from the relief work. Other than that, there is no clear definition to the administrative cost.
17. Considering that there would be different amounts of approved grant, the 5% of administrative cost can be varied. Based on the complexity of the disaster and target location, there could be unprecedented obstacles to deliver the relief support into the hands of the disaster victims. Therefore, the administrative cost may be raised to cover the logistics and other relevant costs.
18. Some administrative support by NGOs is necessary for disaster relief, just as it is for business or government. Without sufficient administrative support, emergency help to the victims may not be effectively and efficiently delivered. Without appropriate coordination, for example: there may be a failure to mobilise volunteers; instructions for delivered medicine may not be translated; lack of security may delay arrival of relief supplies; or poor prioritisation may lead to resources being wasted.

19. To ensure the approved DRF grant can serve its purpose effectively and efficiently, we hereby suggest raising the administrative cost cap from 5% to 15%. Alternatively, we suggest preserving the 5% administrative cost cap, but revising the definition of direct cost to include some of what is now categorized as administrative cost. For example, paying staff, monitoring item delivery, or visiting after delivery.
20. The Ford Foundation, based in the United States, has an indirect cost limit of 25%. But that's not the maximum. That's the minimum. The Foundation explains: "For many years, funders have largely overlooked indirect costs, perpetuating what's been dubbed the nonprofit starvation cycle. This cycle centers grantmaking around the allure of new projects without allocating support for basic necessities—in other words, not allowing for vital funds our grantees need to ensure their long-term financial security⁸."
21. Easing restrictions would allow the DRF to help more Hong Kong NGOs participate in the program, allowing them to develop their expertise and lead Hong Kong to build a reputation as a center of international humanitarian organization know-how.
22. The investment in the Hong Kong DRF is a bargain: only an estimated HK\$89 million for 2024-25, or 0.01% of the estimated HK\$755 billion government spending. Yet this investment raises Hong Kong's standing as a reliable regional and global partner, which in turn boosts investor confidence, soft power, and cross-border collaboration. It also helps anchor Hong Kong as a hub for philanthropy and impact finance, drawing in international donors, NGOs, and professional services that generate local economic activity. In effect, a very small fiscal outlay helps safeguard Hong Kong's global

⁸ [Increasing our indirect cost commitment](#), Ford Foundation

credibility, deepen international networks, and create spillovers for finance, logistics, and professional services.

Streamline the process with artificial intelligence

23. The Third Plenary Session of the 20th CPC Central Committee has underscored the importance of accelerating technological innovation as a national priority, providing a clear mandate for Hong Kong to leverage its role as an international platform to drive the development of the AI industry.

24. Although disaster relief is highly time-sensitive, the current application process requires extensive documentation, including application forms, evaluation reports, and supporting materials. The adoption of AI to review and assess these submissions could significantly streamline approvals and transform the efficiency of the process, aligning with the core development of the government.

25. In February 2021, the Government introduced a fast-track mechanism for DRF applications. To further enhance the Fund's effectiveness, the approval process should be shortened through the use of advanced technologies.

Maintain international influence

26. Positioning Hong Kong as an Asia-Pacific and international hub with its strengths in financial services, ESG investing, and fintech, charities focused on international development can help channel impact capital into sustainable development projects across Asia. This would stimulate demand for Hong Kong's banking, legal, accounting, and advisory services, while attracting international investors seeking credible platforms for sustainable finance. For example, a charity could establish a Development Impact Fund that mobilises private capital from Hong Kong to finance clean energy, healthcare, and

infrastructure projects in developing economies addressing the urgent challenges.

27. To host international conferences, research hubs, and policy laboratories focused on sustainable development, green finance, and digital inclusion, international development charities can strengthen Hong Kong's role as a centre for global knowledge exchange. For example, a charity could convene an annual Hong Kong Global Development Forum that brings together development agencies, impact investors, and innovators from Asia and Europe to collaborate on solutions to regional and global challenges.

Cultivate Talent and Global Expertise

28. Through international internships, secondments, and training embedded in international development projects, charities can develop a pipeline of globally minded professionals for Hong Kong. This would strengthen Hong Kong's human capital, improve talent retention, and equip the workforce with the international skills needed to support a globally competitive economy. We welcome the new HYAB Funding Scheme for International Youth Exchange. If after the first year it is found to be effective, we hope that the duration of funding will be extended to several months to encourage greater involvement of participants in development activities.

29. By leveraging Hong Kong's unique position as a bridge between Mainland China and the global development community, charities focused on international development can help co-design Belt and Road-aligned projects that integrate stronger social, environmental, and governance standards.

30. Forging cross-border collaboration would expand Hong Kong's influence within regional development ecosystems and create new demand for its professional, financial, and advisory services. For example, a charity could

facilitate triangular cooperation among Hong Kong firms, Mainland agencies, and ASEAN partners to deliver sustainable infrastructure, healthcare, or climate-resilience projects across the region.

Generocity Hong Kong

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