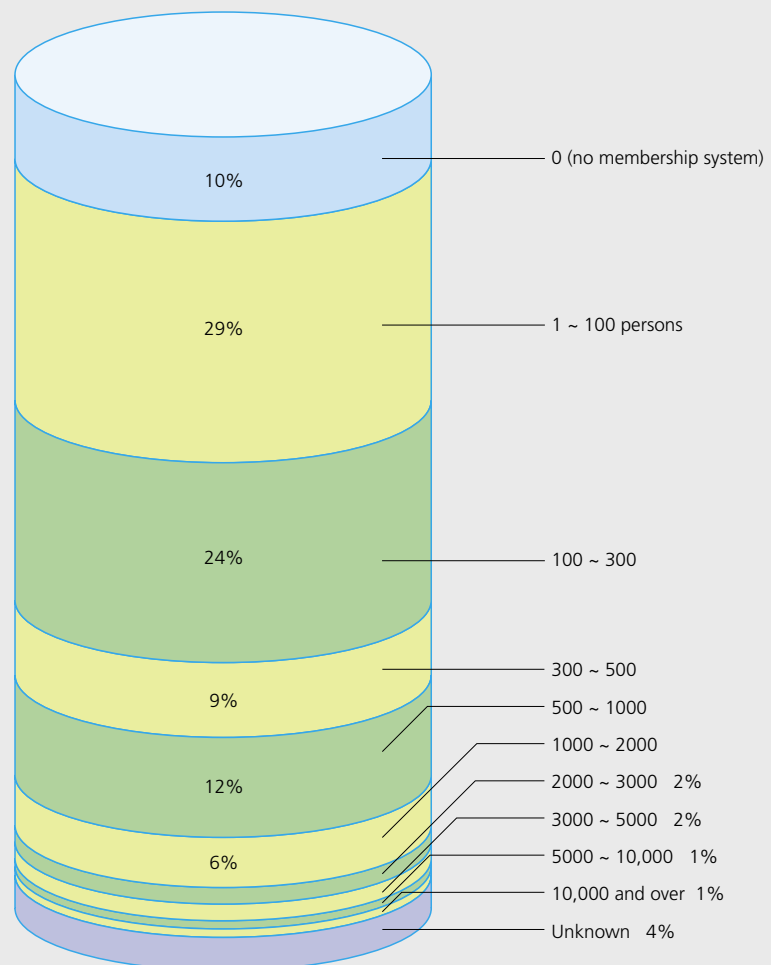


## 4-1. Individual membership

17. Individual members are divided into full members, associate members, student members and other categories. Here the term "individual members" includes all these types.

How many individual members do Japanese NGOs have?<sup>17</sup> This survey revealed that 249 of 277 organizations have an individual membership system, with the overall number of individual members being 179,959. Some organizations call those who support their activities donors or supporters rather than members. 84 organizations have such a system, with a total number of 341,134 individuals, exceeding the number of individual members. The distribution of the number of individual members shows that organizations with 100 members or fewer and between 100 and 300 members comprise about half.

Figure 4-1 Distribution of individual membership



The top 10 NGOs in terms of the number of individual members are listed below:

1. WWF Japan	35,000
2. Network Earth Village (NEV)	13,000
3. Peshawar-kai	12,500
4. Japan Overseas Christian Medical Cooperative Service (JOCS)	5,807
5. Amnesty International Japan	5,481
6. Asian Health Institute (AHI)	4,464
7. Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	4,279
8. Asian Rural Institute (ARI)	3,500
9. Child Fund Japan	3,440
10. Peace Winds Japan (PWJ)	3,216

As for individuals other than members who support organizations (donors, supporters etc.), NGOs with 100 persons or fewer comprise 30 percent. Individuals who support the following 10 organizations comprise 80 percent of all such individuals:

1. Japanese Organization for International Cooperation in Family Planning (JOICFP)	159,000
2. Plan Japan	75,100
3. World Vision Japan	37,784
4. Minsai Center Japan	8,000
5. International Children Without Borders	3,000
6. Child Fund Japan	2,614
7. Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	2,203
8. Association to Help Chernobyl-Chubu District, Japan (Chernobyl-Chubu Association)	1,200
9. Japan Committee, Vaccines for the World's Children	1,000
10. Association of Support for People in West Africa (SUPA)	800

Organizations with a large number of individual members and supporters share the characteristics of having juridical person status and a Western NGO as their parent body. Among those with many individual supporters, we can identify another characteristic: a foster parent program. These organizations appear to attract a greater number of members and supporters owing to the high social credibility generated by having juridical person status, the name recognition created by a parent Western NGO, effective publicity and greater approachability, as well as the transparent destination of donations that a foster parent program provides.

18. As is the case with individual membership, organizational members are also divided into different types such as full members and associate members. Here "organizational members" includes all these types.

## 4-2. Organizational membership

Now let us turn to organizational members.<sup>18</sup> 144 NGOs have organizational members numbering 10,229 in total, which are broken down into 7,053 for-profit organizations and 3,176 non-profits. As is the case with individual members, 27 NGOs have a system of support organizations rather than member organizations, which number 3,542 (2,053 for-profits and 1,489 non-profits) in total. For both member organizations and support organizations, there are more for-profits than non-profits. 50 percent of NGOs have fewer than 30 for-profit organizational members, and the following eight NGOs have 100 or more for-profit organizational members:

1. Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	2,187 organizations
2. Peshawar-kai	2,000 organizations
3. Child Fund Japan	656 organizations
4. PH -Japan Foundation	320 organizations
5. National Federation of UNESCO Associations in JAPAN	291 organizations
6. Foundation for International Development/Relief (FIDR)	260 organizations
7. AMIS D'AFRIQUE	250 organizations
8. Japanese Cleft Palate Foundation (JCPF)	121 organizations

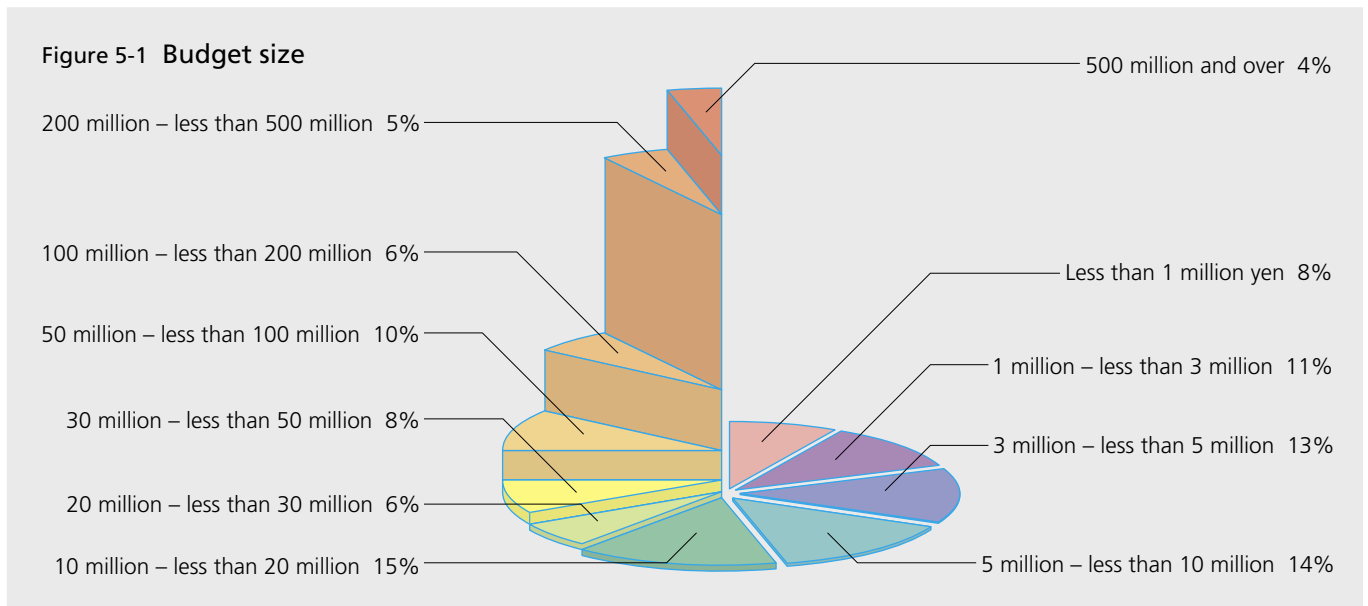
The distribution of non-profit organizational members is similar to that of for-profit ones, with 80 percent of NGOs having 30 or fewer. The following 7 NGOs have 100 or more non-profit organizational members:

1. Buddhist Aid Center (BAC)	643 organizations
2. National Federation of UNESCO Associations in JAPAN	357 organizations
3. WWF Japan	300 organizations
4. Japan Overseas Christian Medical Cooperative Service (JOCS)	199 organizations
5. Kansai NPO Alliance (KNA)	162 organizations
6. Japan NGO Center for International Cooperation (JANIC)	139 organizations
7. Network Earth Village (NEV)	100 organizations



In this Chapter, we will analyze the financial situation of Japanese NGOs by size, source, use and so forth.

### 5-1. Overall income/expenditure size



19. Figures are rounded up to the nearest thousand. The same format is applied from here on.

The overall income/expenditure size for fiscal 2004 was 28,613,200,000 yen.<sup>19</sup> The distribution varies widely, with those with 5 million yen or less comprising about 30 percent, those with 10 million yen or more a little over 50 percent, and those with 100 million yen or more a little less than 20 percent (Figure 5-1). The median is 12,170,000 yen.

Organizations with a budget of 100 million yen or more comprise a little less than 20 percent, or 42 organizations. The top 10 organizations and their budget size are as follows:

1. Plan Japan	4,905,860,000 yen
2. World Vision Japan	2,951,440,000 yen
3. Medecins Sans Frontieres Japon (MSF Japon)	1,804,900,000 yen
4. Peace Winds Japan	1,649,030,000 yen
5. Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	1,273,180,000 yen
6. WWF Japan	1,259,120,000 yen
7. Japanese Organization for International Cooperation in Family Planning (JOICFP)	840,100,000 yen
8. National Federation of UNESCO Associations in JAPAN	586,690,000 yen
9. Shanti Volunteer Association	547,340,000 yen
10. Peshawar-kai	514,140,000 yen



The combined budget size of the top 10 organizations is 16,331,820,000 yen, or more than half (57 percent) of the total budget combined. Of the above, nine have juridical person status and five are international NGOs (numbers 1, 2, 3, 6 and 8). They also boast large memberships: four organizations (4, 5, 6 and 10) are characterized by many individual members, another four (1, 2, 5 and 7) by individual supporters, three (5, 8 and 10) by for-profit organizational members, and two (6 and 8) by non-profit organizational members.

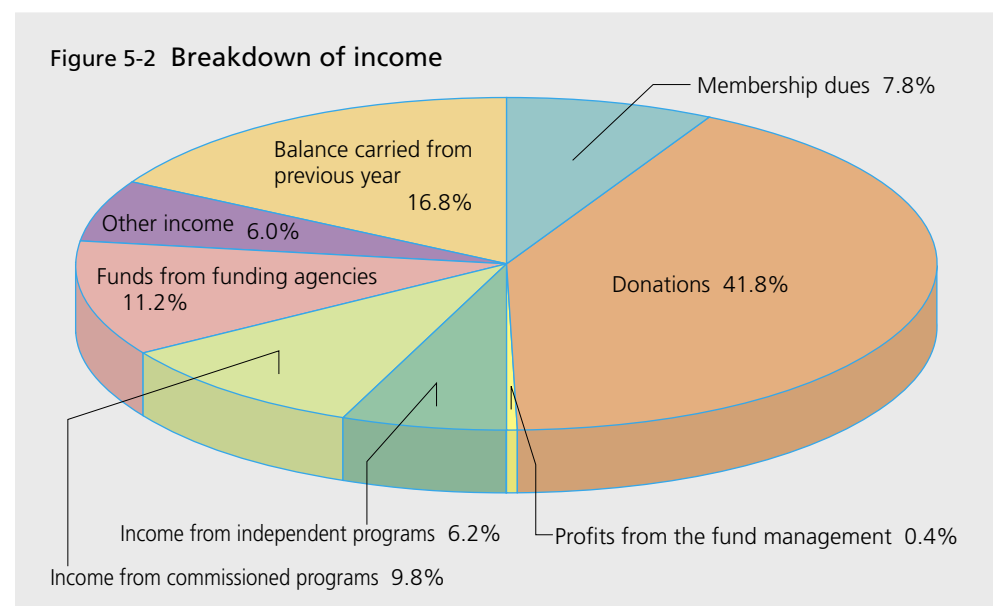
For reference, the organizations ranked 11th through 20th in budget size are listed below:

11. Japan International Volunteer Center	502,600,000
12. Japan International Labor Foundation (JILAF)	500,600,000
13. The Association of Medical Doctors of Asia (AMDA)	480,360,000
14. Association for Aid and Relief, Japan (AAR Japan)	477,880,000
15. Japan Overseas Christian Medical Cooperative Service (JOCS)	462,520,000
16. JEN	461,260,000
17. Network Earth Village (NEV)	384,380,000
18. Child Fund Japan	377,290,000
19. Save the Children Japan	308,300,000
20. Shapla Neer (Citizens' Committee in Japan for Overseas Support)	304,820,000

All 10 organizations have juridical person status, and three (15, 17 and 18) are characterized by many individual members, one (18) by many individual supporters, one (18) by for-profit organizational members, and two (15 and 17) by non-profit organizational members.

## 5-2. Breakdown of income

Now let us take a look at a breakdown of income. In general, independent revenues including donations, membership dues, profits from fund management and profits from independent programs account for more than half, with donations having the largest share. Let us go into more detail on each item of income.

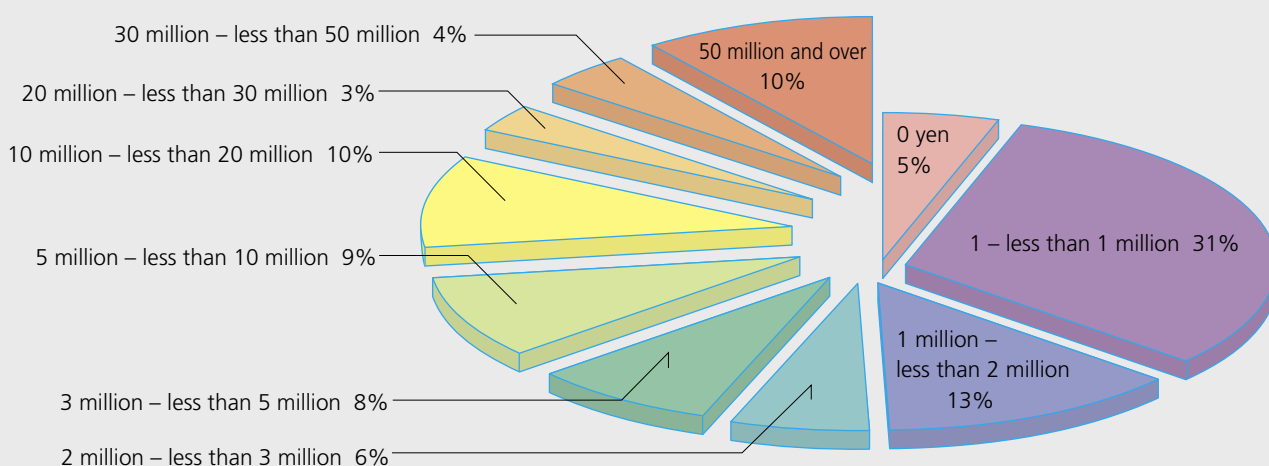


### 5-2-1. Donations

First, we take up the largest funding source, donations. The sum of donations for each organization varies considerably from 0 to 3.5 billion yen at the largest. About 30 percent of the NGOs surveyed receive donations of 10 million yen or more, roughly the same share as those receiving less than 1 million yen. Half of the organizations receive donations of less than 3 million yen (Figure 5-2-1a). The median is 2,350,000 yen.<sup>20</sup>

20. Calculated by excluding the 13 organizations that receive no donations

Figure 5-2-1a Distribution of income from donations

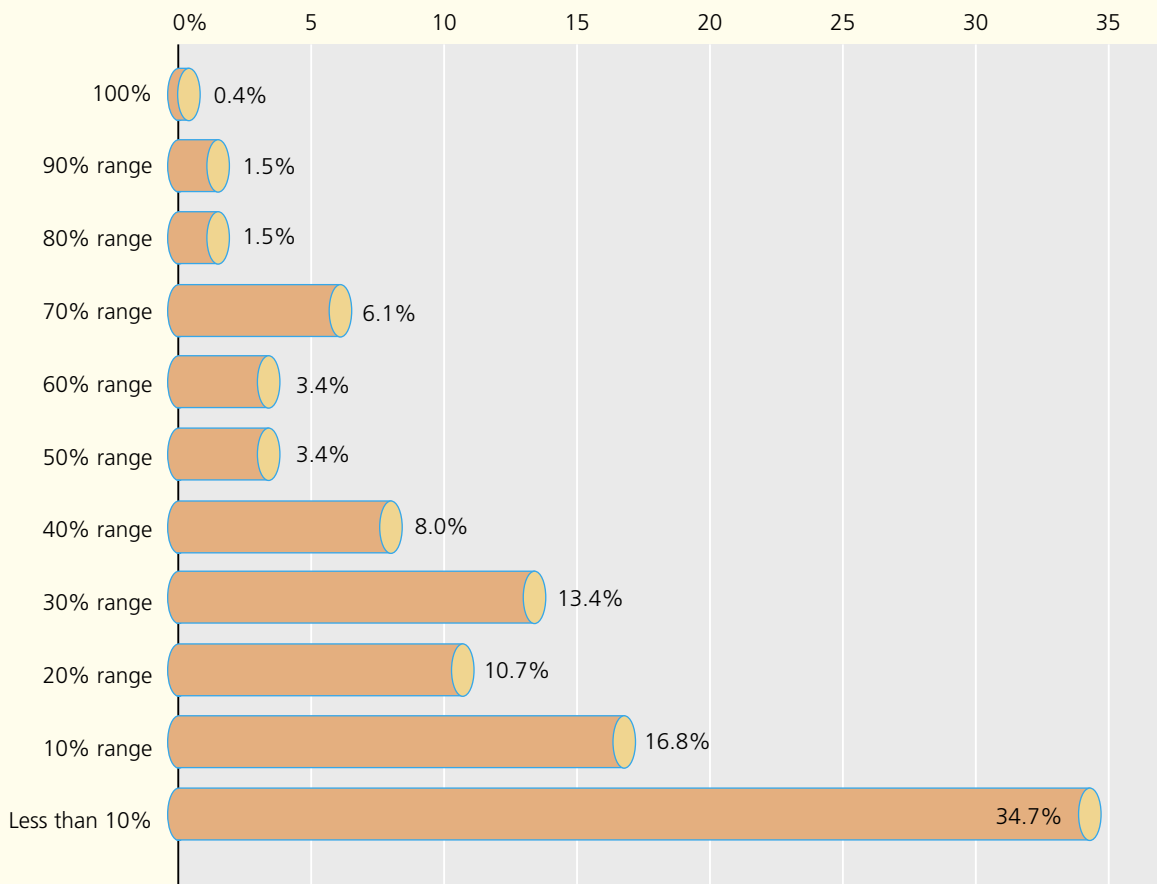


Next, let us look at donations as a proportion of the total income. Figure 5-2-1b shows the proportion for organizations, excluding the 13 that receive no donations. Those where income from donations comprises a little more than 30 percent of the total income account for less than 10 percent of all the organizations, and those where the proportion is 20 percent or less represent more than half. In a little more than 3 percent of all the organizations, donations accounted for over 80 percent of their income. There is one organization (0.4 percent of all the organizations) whose income comes 100 percent from donations.

The top 10 NGOs receiving the greatest amount of donations are as follows:

- |  |                   |
|--|-------------------|
| 1. Plan Japan  | 3,507,120,000 yen |
| 2. World Vision Japan  | 1,818,370,000 yen |
| 3. Medecins Sans Frontieres Japon (MSF Japon)                                      | 1,676,270,000 yen |
| 4. WWF Japan   | 429,200,000 yen   |
| 5. Japanese Organization for International Cooperation in Family Planning (JOICFP) | 303,980,000 yen   |
| 6. Japan Overseas Christian Medical Cooperative Service (JOCS)                     | 301,290,000 yen   |
| 7. Association for Aid and Relief, Japan (AAR JAPAN)                               | 292,870,000 yen   |
| 8. Shanti Volunteer Association  | 252,380,000 yen   |
| 9. Organization for Industrial, Spiritual and Cultural Advancement (OISCA)         | 228,740,000 yen   |
| 10. Minsai Center Japan  | 192,160,000 yen   |

Figure 5-2-1b Percentage of donations in income



## 5-2-2. Membership dues

While the total amounts collected from membership dues vary widely (as is the case with donations) from 0 to 2.9 billion yen, more than half the organizations surveyed receive less than 2 million yen, and those receiving less than 1 million yen comprise over 40 percent (Figure 5-2-2). The median is 1,020,000 yen.<sup>21</sup>

21. Calculated by excluding the 41 organizations that receive no membership dues.

Membership dues as a proportion of total income represent less than 10 percent for many NGOs (as was the case with donations), and in fact more than half the organizations are found in this segment. No organizations are funded entirely by membership dues, but those depending on dues for more than 90 percent of their income account for 1.3 percent (13 organizations). While 28 organizations do not have a membership system, as many as 41 NGOs receive no income from membership dues. Two of these do have a membership system but no membership dues are collected, resulting in 11 organizations that have a membership system but no income from membership dues.



The top 10 NGOs receiving the greatest amount of membership dues are as follows:

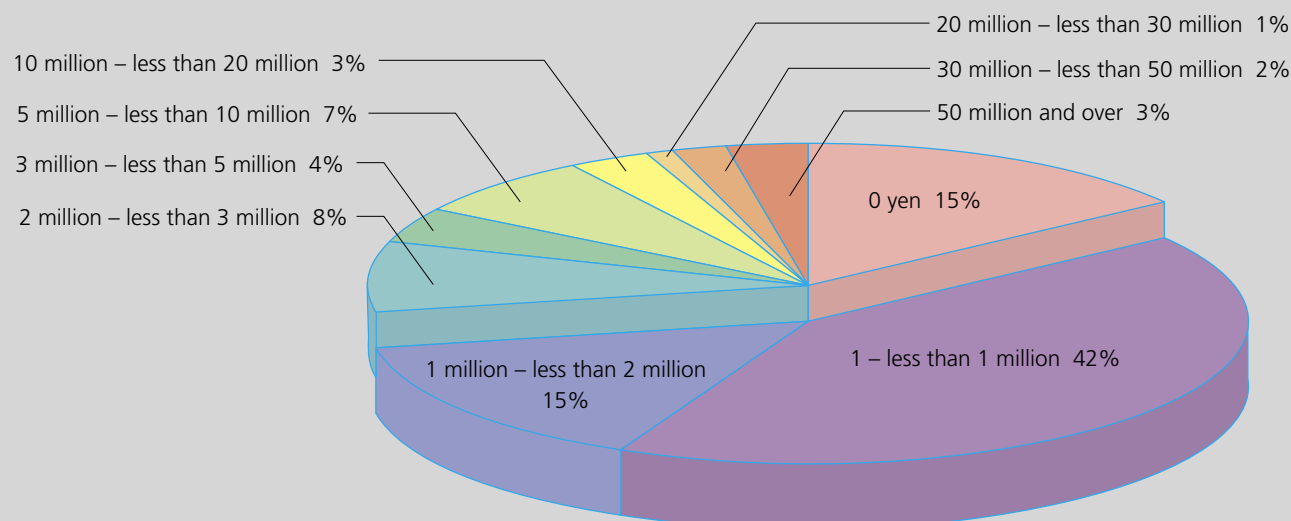
1. Peace Winds Japan (PWJ)	288,790,000
2. Child Fund Japan	234,840,000
3. Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	233,030,000
4. Peshawar-kai	228,520,000
5. WWF Japan	192,060,000
6. Foundation for International Development/Relief (FIDR)	130,210,000
7. Network Earth Village (NEV)	78,870,000
8. Amnesty International Japan	68,460,000
9. Educational Sponsorship of Needy Asian & African Children (ESNAC)	48,840,000
10. National Federation of UNESCO Associations in JAPAN	47,710,000

### 5-2-3. Profits from fund management

Only 49 organizations, or 18 percent of the total, receive profits from the management of their funds. Of these, 29 organizations, or 60 percent, have profits of less than 100,000 yen. Those with profits of 1 million yen or more from fund management comprise a little over 20 percent, or 11 organizations, all of which have juridical person status. The largest amount is 25,430,000 yen.

In terms of fund management income as a proportion of total income, six organizations (a little more than 10 percent of the 50) have 10 percent or more, and four of these had profits of more than 1 million yen. For the remaining 90 percent, profits from fund management accounted for only a few percent or less. From this analysis, we can conclude that many NGOs do not have the financial capacity to establish a fund to begin with, and few organizations are funded by profits from fund management.

Figure 5-2-2 Distribution of income from membership dues



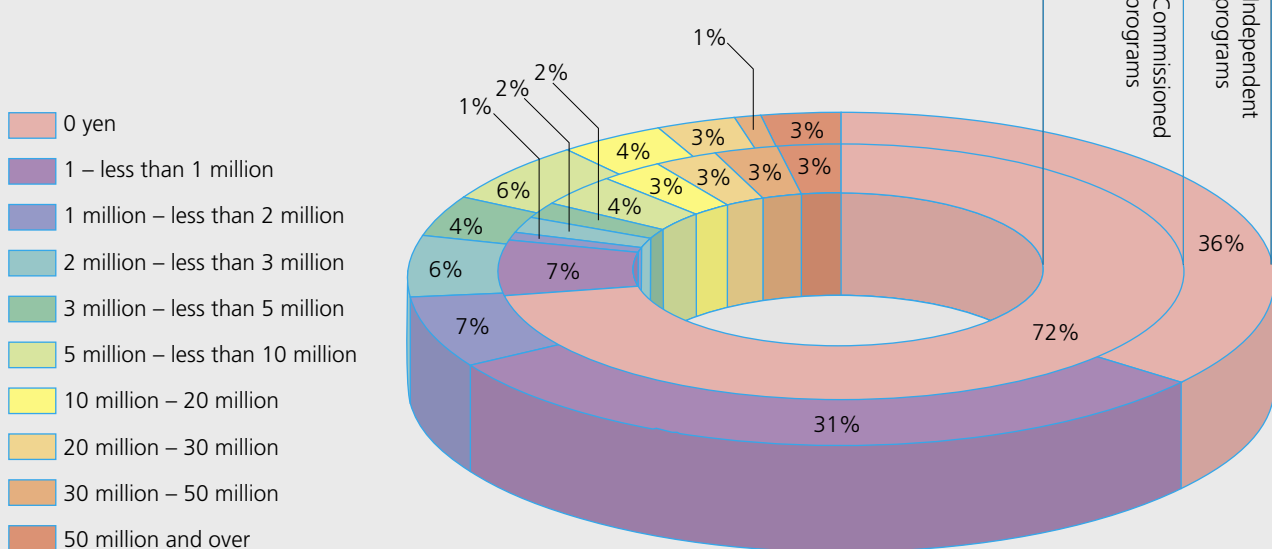
## 5-2-4. Income from programs

There are two categories of NGO income from programs: income from independent programs and income from commissioned programs. In general, income from independent programs includes that from events organized for the purpose of providing general public opportunities for participation (such as bazaars, concerts, cooking classes, parties and charity runs/walks), the sale of craft products, calendars, post cards, books and so on, and remuneration for lectures given and articles contributed. First, we will look at income from independent programs.

Of all the organizations, a little over 60 percent have income from independent programs. The largest group, with one million yen or less of such income, comprises 30 percent, and those with less than 5 million yen represent about half. When excluding those groups with 200 million yen or more of such income, the average income from independent programs was 5,910,000 yen, while the median was 1,040,000 yen.

Let us turn to income from commissioned programs. Only 76 organizations receive such income, or less than 30 percent of the total, showing that not many NGOs utilize the commissioned programs provided by the government, the UN and related bodies and private institutions. Among these 76, a little less than 30 percent receive 1 million yen or less, and a little less than 40 percent receive 5 million yen or less. On the other hand, a little over 10 percent of the organizations have an income of 50 million yen or more from commissioned programs. A breakdown of such income reveals that the amount from UN bodies is slightly greater than that from the other two, but the three sources share roughly the same amount. The largest amount for each source is 140,820,000 yen from government-commissioned programs, 434,910,000 yen from UN bodies and 346,590,000 yen from private institutions.

Figure 5-2-4a Distribution of income from programs



In terms of income from independent programs as a percentage of total income, those with less than 10 percent comprise the largest segment, as is the case with membership dues and donations. Regarding income from commissioned programs, the proportion for half the organizations was less than 10 percent or in the 10 percent range.

The top 10 NGOs with the greatest income from independent and commissioned programs are as follows:

#### Independent programs

1. National Federation of UNESCO Associations in JAPAN	335,250,000
2. WWF Japan	223,150,000
3. VERDA LERNEJO	201,960,000
4. Shapla Neer (Citizens' Committee in Japan for Overseas Support)	82,920,000
5. Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	82,730,000
6. NPO WE21 JAPAN	65,100,000
7. Shanti Volunteer Association	57,510,000
8. Kansai NPO Alliance (KNA)	46,670,000
9. Amnesty International Japan	35,030,000
10. KOREA NGO CENTER	34,930,000

Of these ten organizations, three (3, 4 and 7) have a fair trade program, and one (6) operates recycled goods shops.

#### Commissioned programs

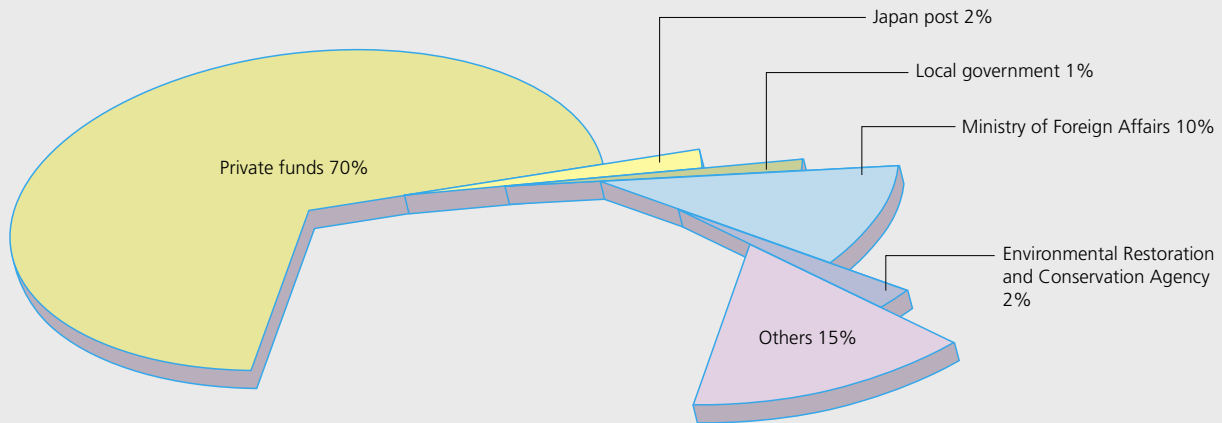
1. World Vision Japan	559,170,000
2. Japanese Organization for International Cooperation in Family Planning (JOICFP)	401,720,000
3. Japan International Labor Foundation (JILAF)	346,590,000
4. Peace Winds Japan (PWJ)	247,320,000
5. Japan Silver Volunteers (JSV)	140,820,000
6. The Association of Medical Doctors of Asia (AMDA)	126,930,000
7. Health and Development Service (HANDS)	109,650,000
8. Bridge Asia Japan (BAJ)	70,660,000
9. Agency for Cooperation in International Health	52,010,000
10. JEN	49,620,000

### 5-2-5. Funds from funding agencies

Funds from funding agencies refers to monies provided to NGOs for the implementation of their programs by foundations, charitable trusts, religious corporations, labor unions and other private institutions, as well as local governments, government-related bodies and ministries. A substantial difference from donations is the scope of use for the funds. While NGOs can decide how to use donations, funds from funding agencies are provided to programs and organizations that match the designated areas of assistance prescribed by the agencies. This means that the scope of NGO programs is subject to the policy of these funding agencies.

Of all 275 organizations, 162 NGOs, or a little less than 60 percent, receive assistance from funding agencies, with a median amount of 3,420,000 yen. Figure 5-2-5 shows a breakdown of funds by funding agency. Private institutions are by far the main contributors.

Figure 5-2-5 Breakdown of receiving funds from funding agencies



As is the case with Figure 5-2-5, those receiving funds from private institutions comprise the largest proportion. The reason for the higher percentage of organizations receiving funds from private institutions seems to be largely connected to the characteristics of private funds themselves. Such funds are relatively easier to use compared with governmental funds and subsidies, which are characterized by complex accounting procedures and restrictions related to the financial year. Another element making private funds attractive is that less energy and time is required than raising membership dues and donations, and a certain amount of funding can be obtained simply by submitting a proposal in some cases.<sup>22</sup> Incidentally, although local governmental funds comprise the smallest share when expressed as an amount, in terms of the number of organizations funded the share is greater than the Foreign Ministry's NGO Jigyou Hojokin (need to confirm), the Japan Fund for Global Environment (to be confirmed) and the International Volunteer Fund (need to confirm).

22. Makita, Touichi. "Minkan josei zaidan to NGO [Private Funding Foundations and NGOs]." In Manabi, Mirai, NGO [Learning, the Future and NGOs], pages 276-277.

Organizations receiving more than 50 million yen from funding agencies are as follows:

Peace Winds Japan	618,410,000
JEN	350,390,000
World Vision Japan	343,100,000
Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	185,540,000
Japan International Volunteer Center (JVC)	159,290,000
The Association of Medical Doctors of Asia (AMDA)	156,770,000
National Federation of UNESCO Associations in JAPAN	74,130,000
Bridge Asia Japan (BAJ)	70,400,000
BHN Association (BHN)	68,040,000
Japan Alliance for Humanitarian Demining Support: JAHDS (JAHDS)	66,880,000
Adventist Development and Relief Agency Japan (ADRA Japan)	63,310,000
Plan Japan	59,230,000

23. Calculated by excluding the 152 organizations that had no income from private funds.

### 5-2-5-1. Private funds

There are 123 organizations receiving private funds, representing the greater share of just over 40 percent. About half these organizations receive less than 2 million yen, and the median is 2,220,000 yen<sup>23</sup>.

Private funds as a proportion of total income represent less than 10 percent for nearly half the organizations, and the share is less than 20 percent for close to 90 percent of organizations. The highest share is in the 70 percent range, and no organizations have 80 percent or more.

The following seven NGOs receive more than 50 million yen in private funds:

Peace Winds Japan	587,020,000
JEN	317,500,000
World Vision Japan	311,860,000
Organization for Industrial, Spiritual and Cultural Advancement (OISCA)	185,540,000
Japan Volunteer Center	144,610,000
National Federation of UNESCO Associations in JAPAN	67,710,000
Adventist Development and Relief Agency Japan (ADRA Japan)	60,560,000

### 5-2-5-2. Ministry of Foreign Affairs (MOFA) NGO Project Subsidy

The NGO Project Subsidy was created in 1989 as the first NGO support fund for the purpose of assisting a wide range of NGO activities in Japan. In this survey, it was found that organizations receiving this subsidy comprised about 10 percent (30 organizations). The amount of funding received varies considerably, ranging from hundreds of thousands to 40 million yen, with half the organizations receiving less than 5 million yen and a median of 4.5 million yen. In terms of total income, the share is less than 10 percent for more than half the organizations, and is 20 percent or less for close to 90 percent of the organizations.

The following four NGOs receive more than 30 million yen from the NGO Project Subsidy:

Peace Winds Japan	31,390,000
Association for Aid and Relief, Japan (AAR JAPAN)	32,530,000
PH -Japan Foundation	34,580,000
Bridge Asia Japan (BAJ)	39,450,000

24. This refers to financial cooperation in socio-economic development projects and humanitarian projects implemented by Japanese NGOs in developing countries. It was created in 2002 by integrating the existing schemes in the ODA to provide assistance to NGOs (the portion of the Grass-roots Grant Assistance provided to Japanese NGOs and the Grant Assistance for NGO Emergency Relief Activities that had been provided to Japanese NGOs). Eligible organizations are Japanese NGOs with juridical person status (specified non-profit corporations and public interest corporations). With the policy of decreasing the NGO Project Subsidy, MOFA's assistance to NGOs is shifting to Grant Assistance for Japanese NGO Projects. In fiscal 2004, a total of 2,776,000,000 yen (1,038,000,000 yen when assistance to Japan Platform is excluded) was dispensed to a total of 105 cases. ( "ODA (Official Development Assistance) and NGOs: Implementation Record of Grant Assistance to Japanese NGO Projects." Non-Governmental Organizations Cooperation Division, International Cooperation Bureau, Ministry of Foreign Affairs, October 2006).

25. Although a form of commission is taken in the contract, this is actually a cooperation project planned by a body such as a Japanese NGO, university, municipal government or public interest corporation, and supported by JICA and jointly implemented. JICA examines proposals for activities planned independently by the applying organization. If the proposal is deemed suitable for assistance from the ODA, the project is implemented according to the plan approved. There are three types: local government type, support type, and partner type.

### 5-2-5-3. Local governmental subsidies

Local government is another entity providing assistance to NGOs. According to the Fiscal 2004 Directory of Recognized International Exchange Associations published by the Liaison Council of Recognized International Exchange Associations, 46 of 59 regional Exchange Associations have some kind of assistance program. Most of these provide assistance to organizations based or conducting activities in the Association's area of responsibility (prefecture or city) in principle, but some associations do not have such restrictions.

The proportion of organizations receiving subsidies from local governments is 17 percent (48 organizations). Although local governmental subsidies comprise only 1 percent in terms of the amount (Figure 5-2-5a), the number of NGOs receiving such subsidies is greater than those receiving funding from the MOFA NGO Project Subsidy, the Japan Fund for Global Environment or Postal Savings for Global Voluntary Aid. This is considered a result of the low amount of funds dispensed, which is supported by the fact that most organizations receive less than 1 million yen with a median of 430,000 yen. The highest amount received was 4,140,000 yen. The proportion of local governmental subsidy in the total income is less than 10 percent for more than 70 percent of the organizations, and the highest value was 39 percent.

### 5-2-5-4. Other financial assistance programs

Other financial assistance programs mentioned in the survey responses include MOFA's Grant Assistance for Japanese NGO Projects,<sup>24</sup> the JICA Partnership Program<sup>25</sup> of the Japan International Cooperation Agency (JICA) etc. NGOs receiving aid from these programs comprise a little over 10 percent of all the organizations surveyed, with the amount of funds varying widely from a few hundred thousand to 150 million yen.

## 5-3. Financial sources

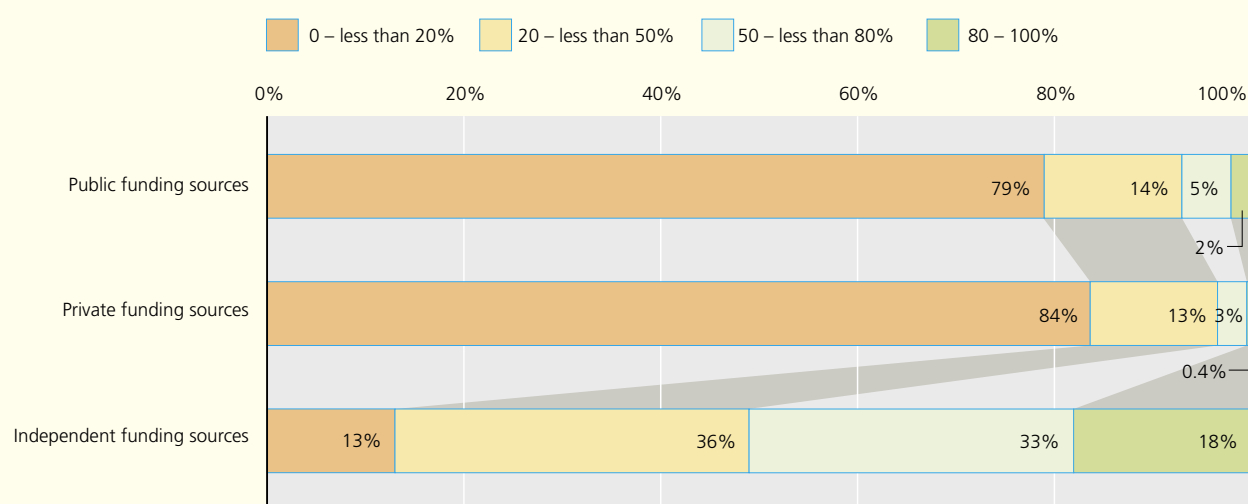
Lastly, let us analyze the financial sources of NGOs by the source types of independent revenue, private funding and public funding. Independent revenue sources are membership dues, donations and income from independent programs; private funding refers to funds from private funding agencies and fees received from private institutions for commissioned programs; and public funding sources include Japan Post, the Japan Fund for Global Environment, MOFA, local governments and other financial assistance programs as well as fees received from the government and the UN for commissioned programs.

Figure 5-3a indicates that Japanese NGOs are not overly dependent on external sources of finance. The number of organizations with a financial self-sufficiency ratio of less than 50 percent is the same as those with a ratio of more than 50 percent, while only a little over 10 percent of organizations have a self-sufficiency ratio of less than 20 percent. Additionally, about 80 percent of organizations have less than a 20 percent dependency on private or public funding sources. Organizations with more than a 50 percent dependency are very few in number, with 3.4 percent for private funding sources and 7 percent for public funding sources. However, this result is attributed to the fact that the share of private and public funding sources is less than 20 percent for the vast majority of organizations, while that of independent revenue sources varies widely from 0 percent to 100 percent, with no concentration at either the high or the low end of the spectrum. This is also evident from the fact that while about 40 percent of the organizations receive funds from private funding agencies, only about 10 percent are



beneficiaries of other financial assistance programs (the MOFA NGO Project Subsidy, Japan Post's Postal Savings for Global Voluntary Aid, the Japan Fund for Global Environment etc.), as we have already seen. This contributes to the higher ratio of independent revenue sources.

Figure 5-3 Percentage of funding sources

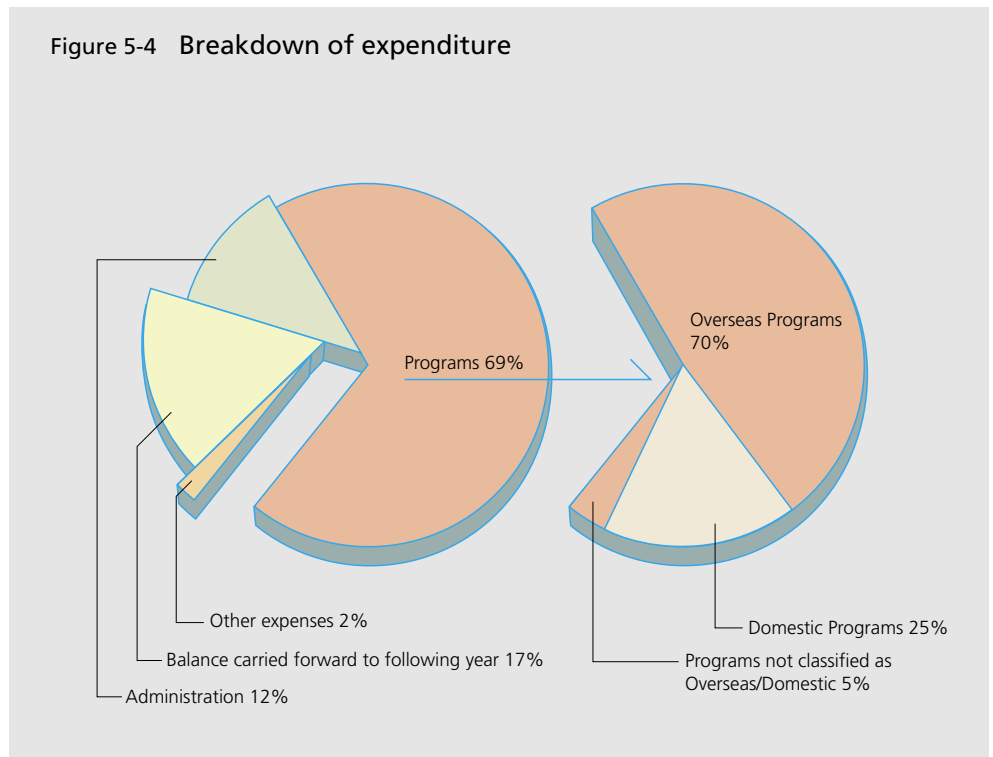


Next, let us take a look at the financial sources of NGOs when broken down by financial size.

When the organizations are grouped by budget size, one feature common to all the groups is a high percentage of independent revenue sources. The ratio of independent revenue sources is the highest among NGOs with budgets of less than 3 million yen, and even the lowest ratio group (more than 50 million yen and less than 100 million yen) has independent revenue sources accounting for more than 50 percent. However, as is the case in Figure 5-3, we should bear in mind that only a limited number of NGOs receive funds from private and public funding agencies, while almost all organizations have independent revenue sources despite the varying degrees of amount and share of the total income. These figures show that the ratio of independent revenue sources is high because there is no external funding, or if there is, the amount is smaller than that from independent revenue sources.

## 5-4. Breakdown of expenditure

Next, we will take a look at a breakdown of expenditure. Program expenses comprise about 70 percent, and administrative expenses a little more than 10 percent. Among program expenses, overseas programs comprise by far the highest ratio of 70 percent.



Let us look into the details of each item.

### 5-4-1. Program expenses

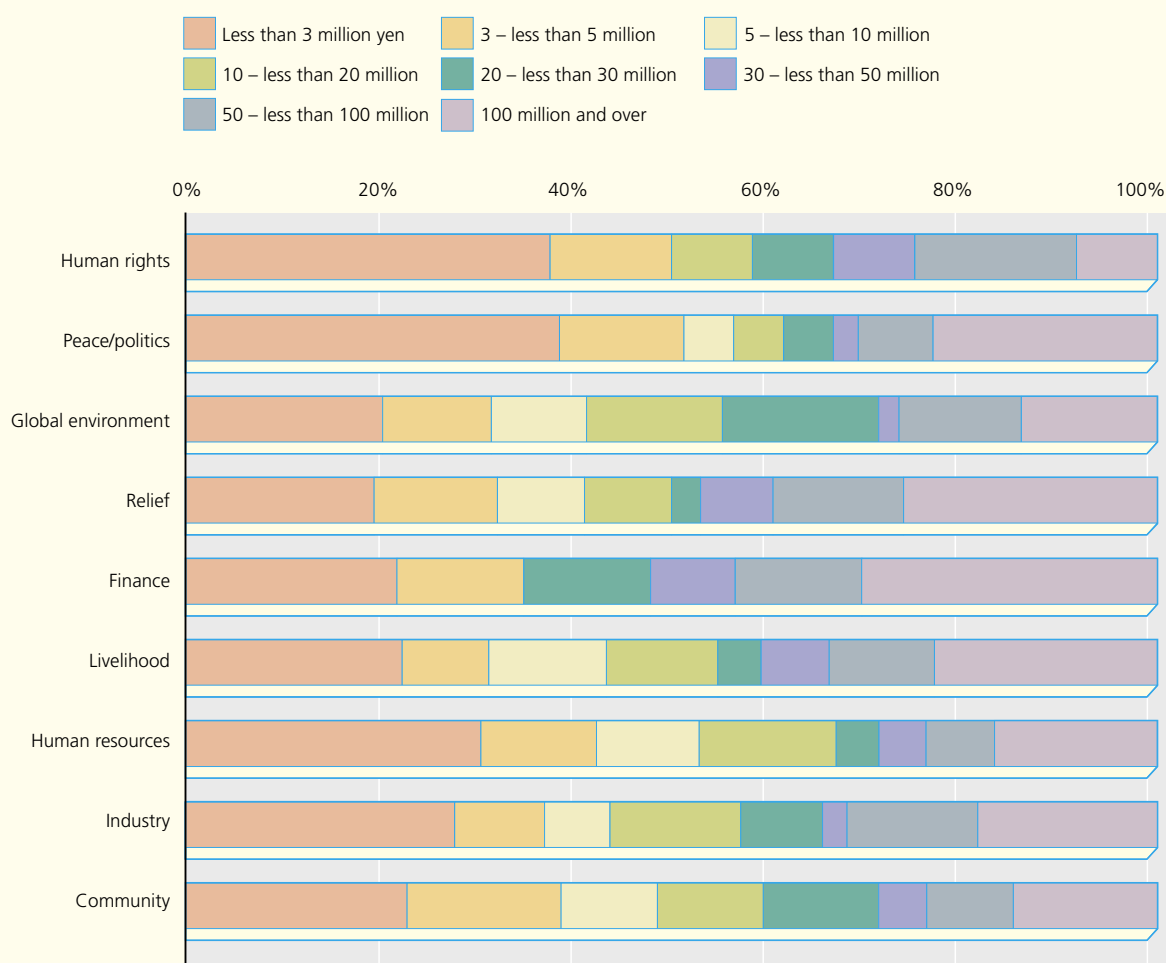
Program expenses account for 70 percent of the total budget, but the distribution is wide. The highest percentage is found among organizations with program expenses ranging from 1 to 3 million yen. Roughly half have less than 5 million yen of program expenses. The median is 6,600,000 yen, with the highest value being 3,778,630,000 yen.

Program expenses can be divided into overseas and domestic programs (though some NGOs do not make such a distinction), and the ratio between the two is roughly 7 to 3. This may be expected since the NGOs surveyed are engaged in international cooperation activities. Seventy percent of the organizations incur more than half (50 percent) of their program expenses in overseas programs. Conversely, only 30 percent incur more than half their expenses on domestic programs. On the other hand, organizations implementing overseas programs alone comprise 16 percent (41 organizations), while those carrying out only domestic programs account for a slightly higher ratio of 19 percent (48 organizations).<sup>26</sup>

26. Calculated by excluding the three organizations with no program expenses and the 13 that make no distinction between overseas and domestic program expenses. There are 50 organizations that mainly work within Japan, but two of them had no program expenses in fiscal 2004, making the total number 48.

What about the relationship between the size of overseas program expenses and the fields of activity?

Figure 5-4-1 Relationship between size of overseas programs and field of activities



In the six items excluding livelihood, finances and relief, organizations with less than 3 million yen in expenses for overseas programs comprise the largest segment. In the two fields of peace/politics and human rights in particular, those with less than 3 million yen account for nearly 40 percent. When expanded to include those with less than 5 million yen, they comprise more than half. On the other hand, the number of organizations with expenses of 50 to 100 million yen is the greatest among human rights NGOs, and in the field of peace/politics, those with a budget of 100 million yen or more comprise the largest segment. NGOs working in the fields of livelihoods and global environment are more balanced, with fewer gaps between organizations with different sizes of overseas program expenses. As for finances, those with a budget of 100 million yen or greater are the largest in number.

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## 5-4-2. Administrative expenses

Compared with program expenses, not many organizations spend large sums of money on administrative expenses. Organizations with less than one million yen (including those with no expenses) comprise about half, exceeding 40 percent. On the other hand, 3 percent of all organizations spend more than 100 million yen on administrative expenses, and the median is 2,210,000 yen.<sup>27</sup> Seventy percent have administrative expenses accounting for less than 10 percent of the total expenditure.

27. Calculated by excluding the 15 organizations with no administrative expenses.

## 5-4-3. Personnel expenses

Next, let us take a look at personnel expenses. Depending on the organization, personnel expenses are incorporated into program expenses, administrative expenses or separated as independent personnel expenses. Half the organizations incorporate personnel expenses into program expenses for overseas programs, and 40 percent incorporate them into domestic programs.

28. The average and median were calculated by excluding the 97 organizations with no personnel expenses, the 25 whose personnel expenses were unknown and the two that did not give an accurate figure.

97 organizations, or a little more than 30 percent, have no personnel expenses, meaning that they are run entirely by volunteers working without remuneration. On the other hand, 3 percent have 100 million yen or more of personnel expenses, with the highest being 301,980,000 yen. The average is 20,370,000 yen and the median 5,110,000 yen.<sup>28</sup> Additionally, organizations spending 30 million yen or more on personnel expenses, or 10 percent of all, have juridical person status.





photo: K.Imamura

## 6-1 Juridical person status

29. A public interest corporation is generally an incorporated association or incorporated foundation established under Article 34 of the Civil Code. The requirements for the establishment of a public interest corporation include: (1) to conduct programs that serve public interests; (2) not for profit; and (3) established with the permission of the competent government agency. Public interest corporations include school, religious and social welfare corporations in addition to incorporated associations and incorporated foundations.

30. Certification means that a public organ has certified that an action or documentation was conducted according to due process. It is different from permission, which grants approval to an organization, in that certification only certifies an action or procedure. In certification, the conditions for establishment of an NPO must be stipulated by law, and as long as an organization complies with the conditions stipulated by law, it must be granted recognition. A responsible ministry/agency only confirms and certifies whether the procedures and documentation comply with the statutory requirements. With this system, room for the discretion of administrative organs is eliminated as far as possible.

31. Refers to organizations recognized by the Commissioner of the National Tax Administration Agency as having proper organization for operation and activities as well as satisfying certain requirements for promoting public interest. Recognition is effective for two years.

32. When an individual makes a donation, it is treated as a specified donation and is tax-exempted if it is less than 25 percent of her/his gross income less 10,000 yen. When juridical persons make a donation to a recognized NPO corporation, the person can enter the donation as a loss (within the scope of the deductible amount for donations) separately from the general deductible amount for donations.

Many NGOs have had difficulties in achieving social credibility and have suffered from not having juridical person status. Disadvantages include not being able to open a bank account or make various contracts under the organization's name; a representative has to be personally responsible for such actions. However, the Civil Code stipulates such provisions for only public interest corporations<sup>29</sup> and for-profit organizations such as joint-stock companies. Acquiring the status of a public corporation required the approval of the relevant ministry/agency, and complex procedures had to be followed. Stringent conditions, including having a large sum of money, were attached. Furthermore, once approved, the organization's activities were often intervened in by the responsible ministry/agency. These conditions made many NGOs reluctant to apply for public corporation status.

The active and important roles played by the more than one million volunteers who helped the victims of the January 1995 Great Hanshin-Awaji Earthquake triggered a debate over the need for a new system of incorporation for civic organizations, and concrete consideration of the matter began. After deliberations in the Diet, a bill drafted by House members, the Law to Promote Specified Non-profit Activities (known as the NPO Law) was passed in March 1998, paving the way for a new system that would enable citizens' groups to acquire juridical person status. However, the law left some issues unresolved. One is the issue of certification of a juridical personality. As juridical person status is recognized by certification,<sup>30</sup> organizations with dubious activities or management can be certified as juridical persons. Another is the lack of tax exemption for donations received by the organization, making large-sum donations difficult. Article 46 of the NPO Law provides that some specified non-profit corporations further recognized by the Commissioner of the National Tax Administration Agency (recognized NPO corporations<sup>31</sup>) are entitled to special treatment including tax exemption for donations.<sup>32</sup> However, the conditions for recognizing such status are strict, thus limiting the number of recognized organizations. In response to civic organizations' calls for alleviation of the conditions for recognition and reduced tax burdens for recognized NPO corporations, the tax system to support NPOs was revised<sup>33</sup> in December 2002, and took effect on April 1, 2003. Calls for further revision of the recognized NPO corporation system continued, which led to the adoption of a tax system reform outline in the ordinary Diet session. The revision took effect on April 1, 2006.<sup>34</sup> According to the National Tax Administration Agency, there were 40 organizations nationwide with recognized NPO corporation status. The number is likely to increase with the enforcement of the new tax system featuring relaxed conditions. Moves toward the revision of the public corporation system are also now underway. The NPO Law will also be amended with this revision, as one third of its clauses are taken from the Civil Code *mutatis mutandis*.<sup>35</sup>

33. Major points of revision included: reducing the rate of total donations received in total revenue (public support testing) from one third to one fifth; raising the base upper limit amount from 2 percent to 5 percent of the total donations received; lowering the threshold amount for exclusion from calculation of donations from 3,000 to 1,000 yen; excluding subsidies from international agencies from the denominator; and excluding from the denominator the fees for commission from the government, municipal governments and the international organizations of which Japan is a member.

34. Minutes of the Steering Committee of the Coalition for Legislation to Support Citizens' Organizations (C's) (December 2005).

35. Minutes of the Steering Committee of the Coalition for Legislation to Support Citizens' Organizations (C's) (February 2006).



In 2004 when this survey was conducted, eight years had passed since the NPO Law entered into force, and more than half the surveyed organizations (144) had juridical person status, 80 percent (121) of which possessed the specified non-profit corporation status. In Data Book 1998, about 90 percent of the surveyed organizations did not have juridical person status. Although a simple comparison cannot be made, the number of organizations with the specified non-profit corporation status seems to be increasing.

Figure 6-1 Juridical personality



In terms of the period required from the time of establishment until the acquisition of the specified non-profit corporation status, 40 percent of the organizations obtained it within five years of being founded. About half of these, or 16 percent of the total, acquired the status in less than one year. It seems that not a few organizations obtain juridical person status in a relatively short period of time. About 60 percent of organizations acquired this status within 10 years of their establishment.

Among the organizations surveyed this time, the following 12 have the recognized NPO corporation status outlined above:

- Caring for Young Refugees (CYR)
- Medecins Sans Frontieres Japon (MSF Japon)
- Japan Team of Young Human Power
- JEN
- Japan Alliance for Aid and Relief, Japan (AAR JAPAN)
- Japan Relief Clothing Center (J.R.C.C.)
- Japan Volunteer Center (JVC)
- Japan Burkina Faso Friendship Association (JBFA)
- PH-Japan Foundation
- Green Earth Network
- World Vision Japan

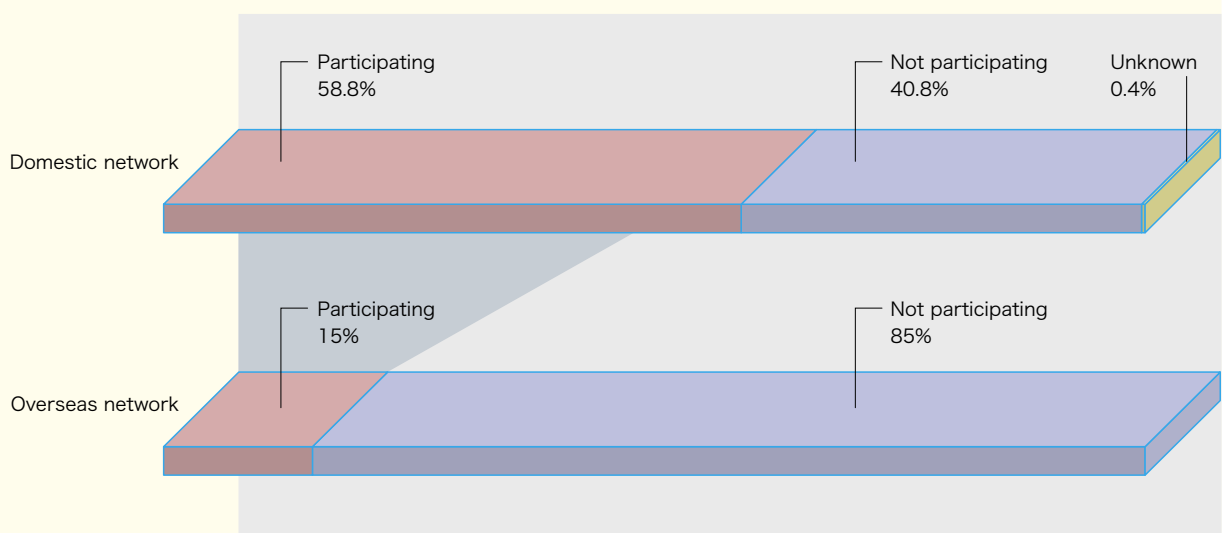
## 6-2. Domestic and overseas coordination and cooperation

NGOs are increasingly pursuing active coordination and cooperation with other organizations and sectors to strengthen their activities. Let us look into the actual situation of such coordination.

### 6-2-1. Domestic networks

There are a wide variety of networks inside and outside the country, but in terms of actual participation, half the organizations surveyed take part in some kind of domestic network, while only a few participate in international networks.

Figure 6-2 Participation in networks



The domestic networks that NGOs participate in are diverse, ranging from network-type NGOs organizations by region, area/country of activity and field of activity to regional International Exchange Associations and NPO support centers. Many participate in multiple networks, making it difficult to identify a trend.

Are there any differences between organizations that participate in domestic networks and those that do not, in terms of their activities of coordination and cooperation with other organizations? As for domestic activities, some 70 percent carry out cooperation/coordination with other organizations, and the vast majority of cooperation partners are NGOs/NPOs. Coordination with governmental bodies, educational institutions and for-profit corporations has roughly the same percentage, which shows that cross-sector cooperation and coordination are being sought. As for international activities, more than half the organizations coordinate with others (Figure 6-2-1a). Here, too, the partners of coordination are mostly NGOs/NPOs, followed by governmental bodies. Other major types of groups include local municipalities and International Exchange Associations for both domestic and international activities. Others include medical organizations, welfare corporations and cooperatives.

The survey results show that many of the organizations participating in domestic networks maintain a certain coordination with other organizations. What about those that do not participate in networks? A little over 30 percent of the organizations not participating in networks do maintain coordination and cooperation with others in domestic work. This is about half the figure for those participating in networks, but as in the case of those that do participate, the largest group of coordination partners consists of NGOs/NPOs. The rate of coordination in international activities is a little over 40 percent, which is higher than in domestic activities and is not particularly low compared with network-participating organizations. Here, too, the partners of coordination are mostly NGOs/NPOs, followed by governmental bodies and educational institutions as in the case of network-participating organizations. As for other organizations, many coordinate with local municipal governments for domestic activities but not for overseas activities. Other partners include cooperatives, welfare corporations and medical organizations, as in the case of network-participating organizations.

Figure 6-2-1a Collaboration with other Japan-based organizations in overseas activities (network-participating organizations)

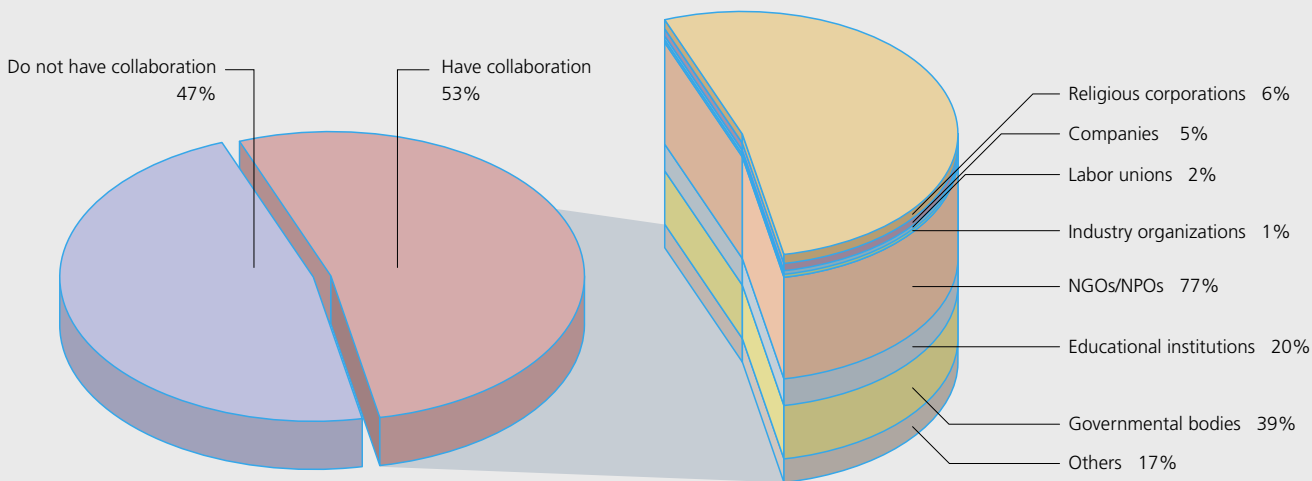
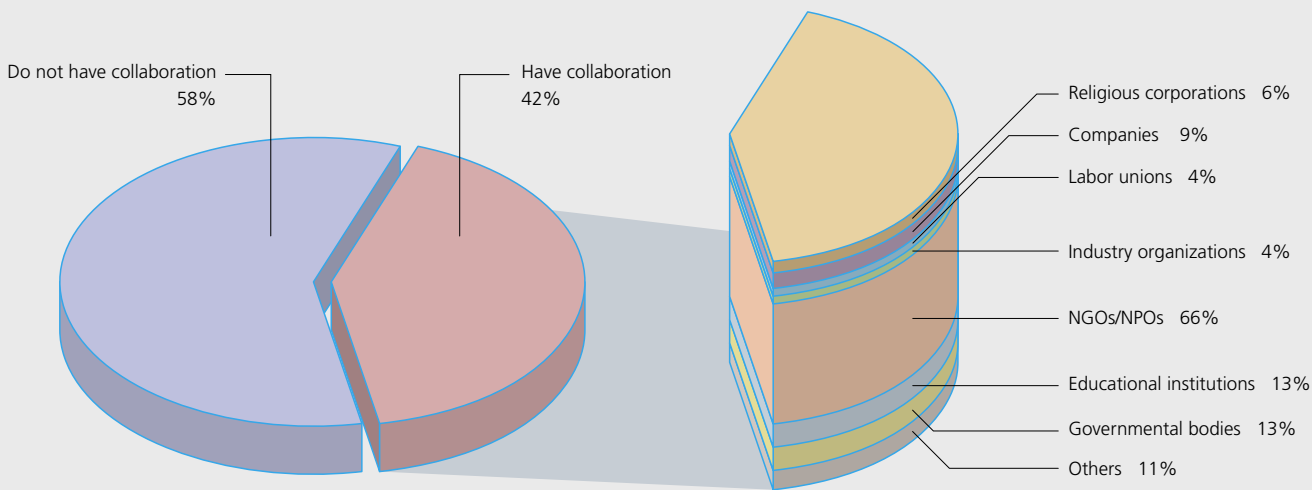


Figure 6-2-1b Collaboration with other Japan-based organizations in overseas activities (non network-participating organizations)



36. MOFA homepage on ODA. <http://www.mofa.go.jp/mofaj/gaiko/oda/index.html>

37. This activity aims to deepen mutual understanding and set the direction for future cooperation and coordination through joint aid assessment participated in by NGO and MOFA personnel.

38. This was introduced in 1999 with the recognition that Japanese NGOs needed not only direct assistance to their programs through financial aid but also support aimed at improving their management capacity and expertise so that they could play a bigger role in the international arena. Support programs that potentially lead to capacity building for Japanese NGOs include: "NGO Advisors" (to respond to questions and inquiries regarding international cooperation); "NGO Study Meeting" (aimed at improving NGO capacity or expertise to implement projects in specific fields or countries); "NGO Researchers" (support in human resources for organizational enhancement and expertise reinforcement); and "Joint Seminars with Overseas NGOs etc." (aimed at developing human resources of NGOs through cooperation with overseas NGOs and international aid agencies). Nagasawa, Emiko, "Kokusai NGO to kigyō no setten [Points of Contact between International NGOs and Corporations]." In *Renzoku koza: Kokusai kyōryoku NGO* [Lecture Series: International Cooperation NGOs], pp. 252-256.

39. A support program for human resource development and the launching of new programs, jointly run by NEC and ETIC (a specified non-profit corporation). It provides students trying to launch project-oriented NGOs or social venture businesses with know-how, skills and other various corporate resources to support the development of human resources and program start-up.

40. An internship program jointly run by Nissan Motors and an NGOs/NPOs. Nissan provides scholarship to students, and the organization receiving the student provides a program of activities. Receiving organizations include Shapla Neer, the Shanti Volunteer Association and World Vision Japan.

41. Ajinomoto cooperates with JOICFP in reproductive health activities in the Philippines, with OISCA in a livelihood improvement project in Indonesia, and with the Japan International Volunteer Center in a nutrition improvement program in Cambodia. Tokio Marine & Nichido Fire Insurance works in partnership with OISCA in a mangrove reforestation project for Southeast Asian countries. Mitsui Sumitomo Insurance implements a program to support children in conflict/disaster-stricken areas with the Kids Earth Fund.

42. The Japan Alliance for Humanitarian Demining Support (JAHDS) gathered technical expertise from corporations to develop this equipment. Geo Search, Omron, Sharp, Japan IBM and Sony were responsible for the development and manufacture, and Toyota, Honda and NYK Line cooperated in its transport.

Whether inside or outside Japan, coordination and cooperation among NGOs is the most common form, ranging from joint organization of seminars and conferences to joint implementation of overseas support activities and research. Recent examples include the Hottokenai Sekai no Mazushisa (Don't Let it Be – World Poverty) campaign run since 2005 by NGOs/NPOs, sponsor corporations and supporting individuals.

In other sectors, NGOs often coordinate with governmental bodies. MOFA considers it important to promote participatory aid, or international cooperation participated in by a wide range of civic sectors in order to achieve public understanding and support for official development aid (ODA). For this reason, MOFA focuses on coordination and cooperation with NGOs, who play a leading role in participatory aid. MOFA also recognizes that it is essential to strengthen NGO-government dialogue to improve and develop two specific aspects of government-NGO cooperation. One is coordination, involving the use of the human resources and technical know-how of NGOs in formulating ODA policy and implementing projects, while the other is support, involving the provision of financial help to NGO activities in international cooperation.<sup>36</sup> Examples of this policy include MOFA-NGO Joint Assessment,<sup>37</sup> NGO Project Subsidy, Grant Assistance for Japanese NGO Projects that have been implemented since 1997 and Capacity Building Support for NGOs,<sup>38</sup> launched in 1999. Other programs include: the JICA Partnership Program in which JICA supports and jointly implements cooperation activities planned by NGOs; the NGO-JICA Japan Desk, established mainly for the purpose of supporting NGOs when they launch activities at the project site; and the NGO Expert Dispatch Program that supports NGOs indirectly by sending technicians to NGO project sites. Additionally, established in 2000 for emergency relief activities under the cooperation of NGOs, corporations and the government, is a new form of coordination.

In addition to governmental bodies, coordination with private companies also comprises a high percentage. After Japan's bubble economy burst, corporations began to engage in joint operations with NGOs/NPOs, whom they saw as players in building a diverse civil society and partners in social service activities as they sought to develop new activities through social services.<sup>39</sup> Specific examples in domestic activities include NEC Corporation's Student NPO Entrepreneurs School<sup>40</sup> and Nissan Motors' Nissan NPO Learning Scholarship.<sup>41</sup> For overseas activities, Ajinomoto, Tokio Marine & Nichido Fire Insurance and Mitsui Sumitomo Insurance, among others, have assistance programs implemented jointly with NGOs.<sup>42</sup> In addition to such direct assistance, some companies cooperate with NGOs in the joint development of goods for international cooperation. As examples, Teijin developed an emergency air shelter together with Peace Winds Japan, and an affiliate of Sekisui Chemical Group cooperated with APEX to develop a rotary-disc-type sewage treatment system. An example of cooperation among multiple NGOs and corporations is the development of landmine search equipment called the

43. The Japan Alliance for Humanitarian Demining Support (JAHDS) gathered technical expertise from corporations to develop this equipment. Geo Search, Omron, Sharp, Japan IBM and Sony were responsible for the development and manufacture, and Toyota, Honda and NYK Line cooperated in its transport.

44. The integrated learning course was introduced in elementary and junior high schools in 2002 and in high schools in 2003 to offer distinctive educational activities by exerting the originality and ingenuity of schools according to the situation of the local community, the school and the students. Its aim was to provide learning opportunities to bridge different courses such as international understanding, information, the environment, welfare and health, etc.

Mine Eye<sup>43</sup> to support demining activities.

Examples in the field of coordination/cooperation with educational institutions include organizing symposia and seminars, sending NGO staff to speak at courses related to international cooperation and NGOs, and cooperation with integrated learning courses (referred to below simply as integrated learning).<sup>44</sup> Such learning provides opportunities for development education in the framework of school education, and is seen as a space for coordination/cooperation in various areas related to school education between schools and NGOs/NPOs with special knowledge and experience. How do they cooperate with each other in actual cases? 70 to 80 percent of the organizations offer some kind of cooperation. Since sending a speaker or cooperation with integrated learning courses also serves as a good opportunity to widely publicize the actual situation of international cooperation and their work, NGOs seem to be actively participating in such activities.

Now, is there any relation between participation in domestic networks and cooperation activities such as sending speakers? Comparison shows that those participating in domestic networks tend to offer more cooperation, although the proportion of those offering cooperation is not low (more than 60 percent) among organizations not participating in any network.

From the above analysis, we may conclude that NGOs are actively engaged in coordination with other organizations regardless of their participation in networks.

## 6-2-2. Overseas networks

The percentage of NGOs participating in overseas networks (42 organizations) is not high compared to that of domestic networks. The majority of them, or a little over 60 percent, participate in networks on an equal footing. The figure for Japan branches of international NGOs was less than 20 percent. Others include participation in international federations or committees and membership in other NGOs.

As for coordination and cooperation with local organizations overseas, more than 70 percent of NGOs participate in overseas networks, and more than half the organizations surveyed cooperate with local organizations in implementing their activities. The countries in which the local organizations are based vary widely. By region, the vast majority of them are found in Asia, and Southeast Asia in particular. By country, the Philippines has the greatest number of local organizations that Japanese NGOs coordinate/cooperate with, followed by Thailand and Cambodia. In Africa, the greatest number is found in East Africa, with many NGOs cooperating with organizations in Kenya and Ethiopia.

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## 6-3. Information disclosure

Today, not only the government and corporations but also NGOs are called on to act as responsible members of society. How do NGOs behave in terms of accountability and trying to fulfill their responsibilities? Maintaining organizational transparency is necessary to ensure accountability, and one specific way of achieving this is information disclosure. This survey revealed that NGOs disclose information related to their activities or accounting through various methods.

Figure 6-3 shows the extent to which NGOs disclose information. Most organizations disclose information at office level through newsletters and annual reports. Disclosure regarding activities comprises a high percentage in any medium whether at the office, in newsletters or on websites, indicating that NGOs are making efforts to widely publicize their activities. For financial information, the most common method of disclosure was by newsletter, followed by disclosure at office level. One difference from the disclosure of information regarding activities is that financial information is less often disclosed on websites. This is probably due to the fact that financial reports are made not so much for the general public as for an internal audience, i.e. fee-paying members and donors. Other means of disclosure include lecture meetings, briefing meetings, panel exhibitions, e-mail newsletters, mailing lists, blogs, documents submitted to the general assembly and on other occasions, mass media such as newspapers, magazines and TV programs, and disclosure at the competent ministry/agency.

Next, we will look at the details of methods/means of disclosure.

### 6-3-1. Methods and means of information disclosure

With information disclosure at office level, activity and financial reports are provided not only to members and other internal audiences but also to the general public for more than half the organizations. However, about 40 percent disclose financial reports only internally; there is not a big gap between those disclosing only internally and those disclosing both internally and externally.

A tendency similar to disclosure at office level is observed for disclosure by newsletter and annual report. However, unlike office-level disclosure, more organizations disclose financial reports both internally and externally than those that do not.

Websites are a convenient tool that anyone can access freely to obtain information, unless special settings are made for access. Figure 6-3 appears to suggest that the percentage of organizations disclosing financial reports on their websites is not high, and that NGOs tend to disclose financial reports only internally, as compared with activities reports. In reality, however, about 70 percent of NGOs that do disclose financial information on their websites do so both for internal and external audiences, indicating that financial as well as activity reports are made widely available to the general public. Those disclosing information only internally represented 2 percent for activity reports and 7 percent for financial reports. However, since it is not known whether there are restrictions on access to the information, such as the need for a password, the figures should be treated as reference only.



### 6-3-2. Utilization of external funds and information disclosure

Finally, let us analyze whether there is a correlation between the use of external funds (such as fees for commissioned programs and funds from funding agencies) and information disclosure. We analyzed this by separating those organizations that conduct commissioned work from those who do not, and those that receive funds from funding agencies from those who do not, and the results showed a similar tendency. Disclosure at office level and through websites is less frequent among organizations that do not utilize external funds, but their use of newsletters and annual reports for information disclosure is not much different from that by those receiving external funds.

Additionally, organizations receiving external funds have a higher percentage of disclosure of both activity and financial reports on their websites, while the percentage of those not receiving external funds is half that ratio. In general, we may conclude that NGOs actively disclose information regardless of their use of external funds.

Figure 6-3 Information disclosure

