

The Triple Disasters of 3.11 and Civil Society in Japan

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INTRODUCTION¹

On March 11, 2011, a magnitude 9.0 undersea earthquake off of the northeast coast of Japan triggered a massive tsunami and a nuclear accident. The earthquake is formally named “The Great East Japan Earthquake” but these three connected events are now commonly collectively referred to by the date etched into public memory, “3.11,” or sometimes as “the triple disasters.” These triple disasters killed 15,889 people, injured 6,152, and left 2,609 missing. Over 1 million houses were damaged and 127,390 were completely destroyed.² Wherever we look in Japan, we can trace out legacies of the disaster. Some of these were immediate and direct, while others manifested later or as secondary effects. The meltdown in Fukushima pushed regulators to take nuclear plants off line, necessitating deep cuts in energy usage and spurring a national debate about Japan’s energy policy that continues to this day. Politically, the triple disasters sank Naoto Kan’s premiership, and saddled the DPJ with a reputation for incompetence it has yet to fully shed—arguably paving the way for the LDP’s return to power and even Prime Minister Abe’s revision of security legislation.

Civil society is a natural area to examine for change after the triple disasters. For one thing, civil society organizations were on the front lines in disaster relief, and also integral in channeling the massive outpouring of support for the Tohoku region in particular and Japan more generally. We have reason to believe that natural disasters can produce change in civil society,

¹ This report could not have been written without the research assistance of Dr. Yuko Kawato, who has frequently been my coauthor and who also conducted interviews with Japanese nonprofits for this report, and Yuri Arisawa.

² Reconstruction Agency, “Fukkō no torikumi to kanren shoseido,” 2. The numbers are as of August 8, 2014.

also because there is already a powerful example—the 1995 Kobe earthquake. On January 17, 1995, the Great Hanshin-Awaji Earthquake, commonly known as the “Kobe Earthquake,” struck the Kansai area of Japan, costing 6,434 lives. The earthquake also left 249,000 buildings in ruin and damaged transportation infrastructure. Government relief efforts were widely perceived as stumbling or inadequate, and a huge number of volunteers rushed to the area to help the victims. Nearly 1.2 million volunteer trips were made to the region. This outpouring of volunteerism was striking for a few reasons, perhaps mostly because it was so unexpected and so vast. In fact, 1995 has been called “Year 1 of Volunteering” (*borantia gannen*). This outpouring also contrasted vividly with the slow, insufficient efforts of the government—so tied up in red tape that in a famous incident they could not even accept trained sniffer dogs from abroad. Lessons learned from the Kobe Earthquake response undoubtedly contributed to more successful relief efforts after not only 3.11 but also the Chuuetsu Earthquake of 2004. The effect on civil society was also significant. Public perception of volunteerism—a word if not concept that had been unfamiliar to many Japanese—blossomed. Civil society groups were also able to leverage the glowing media reports and public approval into the passage of the landmark 1998 “NPO Law.”³ The “NPO Law” eased the restrictive regulation of nonprofit organizations in Japan, and led to the creation of tens of thousands of new organizations. It is possible that some form of an NPO Law would have passed eventually, but at a minimum the Kobe Earthquake sped its passage and shaped its form and thus led indirectly to a significant transformation of the landscape of civil society in Japan.

The events of 3.11 may follow a similar script: a massive disaster brings an unprecedented civil society response, leading to a short term influx of resources (volunteers,

³ See Robert Pekkanen, 2000, “Japan’s New Politics: The Case of the NPO Law” in *Journal of Japanese Studies* 26 (1): 111-148.

funding) to civil society, and prodding new regulations by the government intended to spur the further development of civil society.

This report is structured in several sections. First, the report provides background with an overview of civil society organizations and philanthropy in Japan. Against this backdrop, the immediate, near-term and long-term effects on civil society in Japan are drawn more clearly. The Appendix for the report considers the analysis in the context of ideas for growing Japan's civil society sector.

BACKGROUND

Civil society is defined here as the organized non-state, non-market sector.⁴ Practically speaking, this report focuses on civil society organizations, in particular those incorporated as Japan's version of nonprofit organizations. This covers a huge and essential aspect of civil society, and also allows us to examine some hard numbers about what's happened. There are other interesting aspects of civil society probably worth mentioning here even if they go beyond the scope of this report. For example, the report does not examine volunteering *per se*.

Volunteering is examined in the context of the civil society organizations that are a primary locus of volunteering efforts, but no analysis is devoted to questions such as the individual level determinants of volunteering (who volunteers? young, old? men, women?). Similarly, although *social capital* as a concept is closely associated with civil society organizations, no specific attention is devoted to measuring social capital in this report—either as a predictor of the success of relief efforts, or to measure change in levels of social capital. Finally, a huge part of civil society in Japan is its small local organizations, chief among them the neighborhood association (NHAs). Although I will return to the NHAs in the recommendation section, and discuss at other places in the text, there is much more that could be done to research many aspects of the NHAs in disaster preparedness, relief, and recovery.

Overview of NPOs in Japan

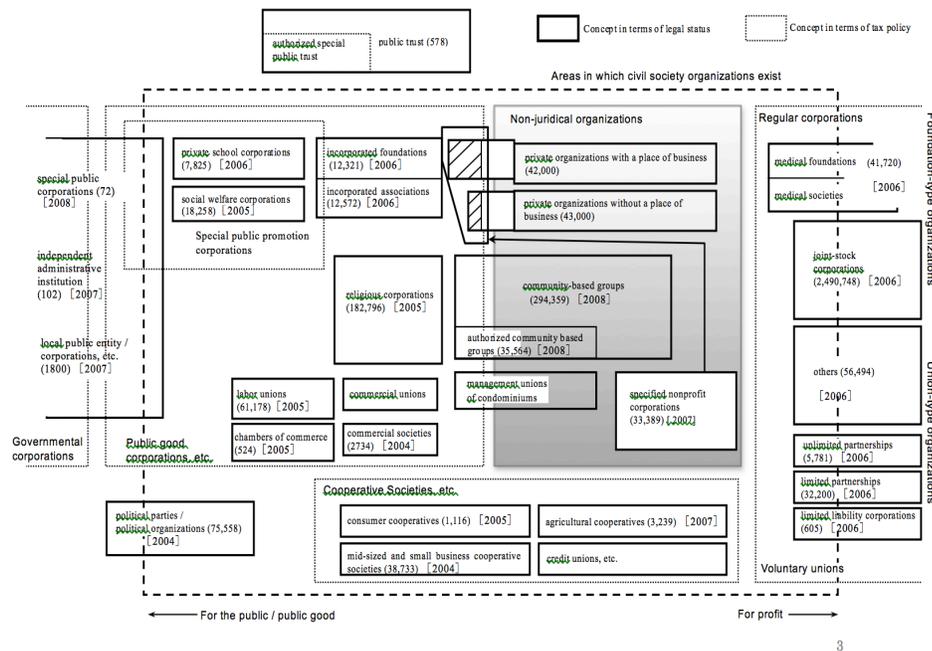
This report will focus on the activities of civil society organizations, particularly the kind known as “NPOs” in Japan. The term “NPO” is an acronym for “Non-Profit Organization” but

⁴ This follows the definition of civil society in Robert Pekkanen, 2006, *Japan's Dual Civil Society*, Stanford.

also refers specifically to the “NPO Legal Person.” As noted above, the category of “NPO Legal Person” came about as a result of a chain of events sparked by civil society’s response to the 1995 Kobe Earthquake. So, it is no surprise that many of these groups were at the center of the response to the 3.11 triple disasters.

Three points are worth keeping in mind about NPOs in Japan. First, even though they are arguably central, NPOs are not the only civil society organization in Japan. Besides NHAs, mentioned above, there are also a number of other categories of civil society groups as depicted in Figure 1 below. The most numerous of these are Japan’s roughly 300,000 small local neighborhood associations (NHAs).

Figure 1: Overview of Civil Society Organizations in Japan



Source: Pekkanen, Robert, Yutaka Tsujinaka and Hidehiro Yamamoto, 2014, *Neighborhood Associations and Local Governance in Japan*, London and New York: Palgrave Macmillan, p.7.

Second, although 50,000 groups is a very significant number—especially because these groups have largely been created after the NPO Law took effect in 1998—it pales in comparison to the number of US nonprofit organizations. The most numerous category of nonprofits in the US includes charitable, religious and educational groups. These are commonly referred to as “501(c)3” groups, by the section of the tax code which provides for their incorporation. Public charities number about 1 million organizations in the US, with GuideStar.org, a reputable guide to US nonprofits, offering data on more than 2.2 million nonprofits. The nonprofit sector in Japan is much smaller than in the United States.

A quick examination of the growth of Japan’s humanitarian relief groups will put this into perspective, and also prefigure one of the findings of this report. Table 1 shows the ten largest humanitarian relief organizations operating in Japan before 3.11, while Table 2 shows the ten largest humanitarian relief organizations operating in Japan *after* 3.11. The substantial growth of these groups is evident in comparing the two tables. As a result of their relief activities, these organizations substantially increased their budgets and operations. Japan Platform’s jump is particularly noteworthy, but it is not the only significant increase.

Despite this growth, however, Japanese humanitarian relief organizations remain much smaller than their American counterparts. The Salvation Army’s budget in 2013 exceeded \$4.3 billion. Many of the large groups active in Japan also had operations in the United States, but their American operations were much larger. For example, World Vision’s budget topped \$981 million, Save the Children USA \$688 million, and Mercy Corps \$306 million.⁵ Even the largest Japanese groups would not rank in the top 20 largest groups in the US.

⁵ 2013 Financial Summary, <http://salvationarmyannualreport.org/financials> ; Year ended September 30, 2013, <http://www.worldvision.org/sites/default/files/pdf/2014-consolidated-financial-statements.pdf> p4.

Table 1: Top Ten Japan Humanitarian Relief Organizations by Budget Before 3.11

#	Group Name	Budget Size
1	Médecins Sans Frontières Japon	4,639,228,160
2	World Vision Japan	4,339,745,326
3	Plan Japan	1,915,589,546
4	Japan Platform	1,701,577,78
5	Peace Winds Japan	1,193,332,736
6	Save the Children Japan	1,103,879,364
7	Association for Aid and Relief	927,671,584
8	JEN	782,397,000
9	JOICFP	608,623,736
10	Shanti Volunteer Association	602,636,289

Table 2: Top Ten Japan Humanitarian Relief Organizations by Budget After 3.11

#	Group Name	Budget Size in yen
1	Médecins Sans Frontières Japon	7,054,747,007
2	Japan Platform	6,669,353,633
3	World Vision Japan	4,534,177,409
4	Peace Winds Japan	3,349,578,755
5	Plan Japan	3,259,322,674
6	Save the Children Japan	3,072,871,467
7	Japan Association for UNHCR	2,787,079,197
8	Association for Aid and Relief	1,914,435,309
9	JEN	1,277,415,583
10	JOICFP	853,510,439

Sources: Annual Reports of Various Organizations.⁶

⁶ These lists are as accurate as possible given variations in reporting and categorization. Sources for Table 1: Annual reports for periods and groups listed. 1/1/2010-12/31/2010, <http://www.msf.or.jp/library/annualreport/pdf/report/report2010.pdf> p1, 4; 10/1/2009-9/30/2010, https://www.worldvision.jp/about/item_img/fy10accounts.pdf p3, 11; 1/1/2010-1/31/2011, http://www.plan-japan.org/about/pdf/jon_11zaimu.pdf p5, 18; 4/1/2009-3/31/2010,

Variety of NPO activities

As with nonprofits everywhere, Japan's NPOs work on a startlingly wide variety of issues. Regulations on NPOs create 20 separate categories of activities. As part of the legal incorporation process, groups identify themselves with a category based on their mission statements. Organizations may identify multiple categories of interest. However, a quick run down of the categories of activity for NPOs gives some idea of the diversity and concentration of areas in which Japan's NPOs are active. The number of NPOs in each category is as follows (listed from the most to least number of NPOs as of March 31, 2015 when there were 50,090 NPOs): health/medical/social welfare (29,315), social education (23,885), development of local infrastructure (21,932), child development (21,832), education/culture/art/sports (17,269), environmental protection (13,865), employment (12,470), international cooperation (9,887), aiding economic activities (8,743), human rights and peace (8,243), local safety (5,861),

http://www.japanplatform.org/lib/data/report/2009/2009jpf_report.pdf p3, 8; 2/1/2010-1/31/2011, http://peace-winds.org/about/pdf/PWJ_AR2010_financial.pdf p1; 1/1/2010-12/31/2010, <http://www.savechildren.or.jp/sosiki/download/b-rep2010.pdf> p30, 36; 4/1/2009-3/31/2010, http://www.aarjapan.gr.jp/about/pdf/2010report_plan.pdf p18; 1/1/2010-12/31/2010, <http://www.jen-npo.org/jp/concept/pdf/2010report.pdf> p14; 4/1/2009-3/31/2010, http://www.joicfp.or.jp/jp/wp-content/themes/joicfp/files/profile/H21_shushikeisansho.pdf p3; 1/1/2010-12/31/2010, <http://sva.or.jp/about/pdf/freport/freport2010.pdf> p2, 12

Sources for Table 2: Annual reports for periods and groups listed:

<http://www.msf.or.jp/library/annualreport/pdf/report/report2014.pdf> p2, 3, 1/1/2014-12/31/2014; http://www.japanplatform.org/lib/data/report/2014_accounts.pdf p3, p. 3 14, 4/1/2014-3/31/2015; https://www.worldvision.jp/about/pdf/84_fy14accounts.pdf p3, 8 10/1/2013-9/30/2014; 2/1/2014-1/31/2015, http://peace-winds.org/about/pdf/PWJ_AR2014jp.pdf p22; 7/1/2013-6/30/2014, http://www.plan-japan.org/report/pdf/pn_apc14.pdf p4, 6; 1/1/2014-12/31/2014, <http://www.savechildren.or.jp/sosiki/download/zaimu2014.pdf> p4 ; 1/1/2014-12/31/2014, http://www.japanforunhcr.org/pdf/about_top/h26report.pdf p1; 4/1/2014-3/31/2015, http://www.aarjapan.gr.jp/about/pdf/2015report_plan.pdf p28; 1/1/2014-12/31/2014, <http://www.jen-npo.org/jp/concept/pdf/kessan2014.pdf> p2; 4/1/2014-3/31/2015, <http://www.oisca.org/about/pdf/26calc.pdf> p1

information society (5,782), gender equality (4,463), disaster relief (4,130), consumer protection (3,086), science and technology (3,020), development of tourism (2,095) and development of agricultural areas and fishing villages (1,771).⁷ In addition, there are 22,770 organizations that provide support to other NPOs. In most advanced industrialized states, nonprofit activity is concentrated in health, education, and welfare, so the distribution of groups in Japan is not out of line with what we might expect to see. For example, more US 501(c)3 nonprofits operate in human services (35.5%) than any other area, followed by education (17.1%), and health (13.0%).⁸

Main characteristics of NPOs

Most Japanese NPOs are small, local organizations. Compared to NPOs in other developed countries, Japan's average NPOs have four defining characteristics. First, many NPOs have a small budget. According to a survey of 947 NPOs in 2014 by the Cabinet Office of Japan, the average amount of annual income was 42.4 million yen (with the median of 16.5 million yen, ranging from 0 yen to 3.7 billion yen).⁹ The greatest number of NPOs surveyed operates with an annual budget ranging between ten million yen and fifty million yen (36.9%), followed by 13.3% of the NPOs operating with a budget ranging between 0 yen and one million yen, and 11.7% operating with a budget between one million yen and five million yen.¹⁰ Many NPOs suffer from volatile and insufficient income streams. The central government, which is interested in relying more on NPOs for provision of social services, has tried to buttress NPO

⁷ Cabinet Office NPO Homepage, "Ninshōsū (Katsudō bunya betsu)" <https://www.npo-homepage.go.jp/about/toukei-info/ninshou-bunyabetsu> (Accessed on June 17, 2015).

⁸ Note that "international and foreign affairs" groups make up only 2.1% of the total. Figures drawn from the Urban Institute, National Center for Charitable Statistics.

⁹ Cabinet Office, "Tokutei hieiri katsudō hōjin ni kansuru jittai chōsa," FY2014, 24.

¹⁰ Ibid., 26.

finances through legislative reforms that aim to increase donations to NPOs. A series of reforms in the decade preceding 3.11 has enabled individuals and corporations to obtain tax privileges for donating to NPOs with special certification (*nintei NPO hōjin*). Donations helped many NPOs that responded to 3.11, but the amount of donations has since declined, making it more challenging for many NPOs to continue their long-term reconstruction projects in Tōhoku. After 3.11, the government carried out further reforms to encourage donations as a means of financial support for NPOs. This is discussed as one of the long-term effects of 3.11 on civil society below.

The second characteristic of Japan's NPOs is that they have a small number of professional staff. A report from the Cabinet Office for fiscal year 2014 says that the average number of staff is 15, while the median number is 7 (with the smallest number at 0 and largest at 681).¹¹ Many NPOs operate with a small number of staff by necessity rather than by choice. Shortages of funds and volatile income streams make it difficult for NPOs to hire paid staff. Japan's relatively rigid labor market, where switching from the nonprofit sector to the corporate sector is a great challenge, also makes working for a NPO less attractive. Shortages of funds and staff have serious consequences for NPOs. They limit NPO activities and professionalization. Donations and other types of external funding are more likely to go to NPOs with a greater number of staff who can solicit donations, implement more projects and deal more efficiently with tax and accounting matters.

The third characteristic of NPOs is that they have small memberships. The Cabinet Office's report from FY2014 shows that on average there are 252 individual members who are eligible to vote in general assemblies. However, there are some organizations with large

¹¹ Ibid., 7.

membership that push up this average (the largest of the 984 NPOs surveyed for this report has 191,919 voting members). The median number for voting members is 14. There are NPOs without any members.¹² Due to small membership, most NPOs cannot count on membership fees as a major source of income. In 2014, only 8.3% of NPO income on average came from membership fees. NPOs rely mostly on project income (74.5%), then on grants and subsidies (13.7%), donations (1.3%) and “other” sources of income (2.4%).¹³

Fourth, most NPOs operate locally. According to the Cabinet Office’s latest data from fiscal year 2010, 39.7 percent of responding NPOs operated in one city, town, or village (or ward in Tokyo), 40.7 percent operated in multiple cities, towns, or villages within one prefecture, 11.8 percent operated in multiple prefectures, and 7.8 percent operated nationwide. Only seven percent engaged in activities abroad.¹⁴ Most NPOs remain local because there is greater access to policy-making at the local level than at the national level.¹⁵ NPOs’ response to 3.11 suggests that most NPOs continue to focus on their local communities. Most NPOs from outside of Tōhoku went to the devastated communities to carry out temporary relief activities and left. It appears that most NPOs from outside of Tōhoku did not see 3.11 as an opportunity to open a new center of operation and remain there. Some NPOs started projects to support long-term reconstruction of Tōhoku with locals in charge of these projects (or transferred control of these projects over to locals when NPOs left Tōhoku) and continue to support local efforts from outside of Tōhoku with regular visits. Media reports suggest that many external NPOs and locals

¹² Ibid., 17.

¹³ Ibid., 28.

¹⁴ Cabinet Office, “Tokutei hieiri katsudō hōjin no jittai,” FY2010, 3-4.

¹⁵ Tsujinaka, *Gendai nihon no shimin shakai*; Tsujinaka and Pekkanen, “Civil Society and Interest Groups in Contemporary Japan,” 419-437.

believe that external NPOs should remain external, and local NPOs should take leadership in reconstruction of their communities.¹⁶

Overview of philanthropic giving before 3.11

Many who work in Japanese NPOs identify the creation of a *culture of philanthropy* or “donation culture” (*kifu bunka*) as a critical underpinning for the growth and development of civil society in Japan. One of the important changes for civil society after 3.11 was the change in regulation intended to promote such donations. In order to provide context for these changes, this section provides a brief overview of philanthropy in Japan before the triple disasters.

Corporate philanthropy before 3.11

The development of Corporate Social Responsibility (CSR) in Japan has encouraged an increasing number of corporations to explore working with NPOs as a means to contribute to society. However, collaboration between corporations and NPOs remains a recent phenomenon. This section will present how CSR and corporate philanthropy developed in Japan, how the relationship between corporations and NPOs has evolved, and the state of corporate philanthropy before 3.11.

“Year One of CSR” in Japan has been pegged at 1956. That was when the Japan Association of Corporate Executives passed a resolution charging corporate executives to be

¹⁶ “Hanshin no keiken todokeru: Higashinihon daishinsai shien 73 dantai ankēto, hanshin daishinsai kara 18nen,” *Asahi Shimbun*, January 17, 2013; Ōe, “Ryōshi to NGO no kyōdō de chiiki o yuinaosu,” 143.

aware of their social responsibility and run their companies accordingly.¹⁷ However, it took time for the idea that companies should make social contributions through corporate philanthropy to take root. *Keidanren* (the Japan Business Federation), a peak business association with members including leading enterprises and industrial associations, sent missions to Europe and the United States in 1986 and 1989 in order to learn how their business sectors engaged in CSR. The timing was not coincidental, as Japanese firms setting up overseas operations in the years of the *endaka* were often approached by local organizations and the firms felt they needed to understand the context of CSR abroad as part of their investment strategy. Keidanren learned that in the United States there are “percent clubs” which encourage member companies to contribute a certain percentage of ordinary profit (or more) to social causes. Keidanren created its 1% Club and the Committee on Corporate Philanthropy in 1990.¹⁸

The broader acceptance of CSR and corporate philanthropy did not immediately translate into active collaboration with civil society groups. This had to wait until the Hanshin-Awaji Earthquake of 1995. Keidanren’s 1% Club and the Committee on Corporate Philanthropy created the Citizens’ Group to Support the People Affected by the Hanshin-Awaji Earthquake with Osaka Volunteer Association and over twenty civil society organizations.¹⁹ Since then Keidanren and the 1% Club encouraged exchange between business and non-profit sectors. Keidanren supported government measures to strengthen the non-profit sector as well. For example, it lobbied for the establishment of the NPO Law in 1998. The law required NPOs to release annual activity reports which include financial reports, and this improved legitimacy and credibility of NPOs. By increasing transparency and legitimacy of NPOs, the NPO Law paved

¹⁷ Kawamura, “Nihon no ‘CSR keiei gan’nen’ kara 10nen,” 1, 3-4.

¹⁸ See the website of 1% Club, <http://www.keidanren.or.jp/1p-club/outline.html> (Accessed on May 28, 2015) and Pekkanen, 2000 and 2006.

¹⁹ Nihon Keizai Dantai Rengōkai et al, “Higashinihon daishinsai,” I-7.

the way for corporations to more actively consider working with and offering financial support to NPOs. Keidanren also supported the tax reform of 2001 which aimed to increase donations to NPOs by giving tax deductions to corporations and individuals who donate to specially certified NPOs.²⁰

Corporate-NPO relationship deepened as organizations in these sectors worked together to respond to a series of natural disasters. For example, in January 2005, following the Niigata-Chūetsu Earthquake of 2004, the Central Community Chest of Japan established *Shien P* (*Saigai Borantia Katsudō Shien Purojyekuto Kaigi* or Joint Committee for Coordinating and Supporting Voluntary Disaster Relief Activities) which brought together representatives from the National Social Welfare Council, Community Chest, businesses including the 1% Club, and NPOs. *Shien P* aimed to support volunteer centers in time of disaster by funding them, sending trained volunteer coordinators, and sending equipment and relief materials matching the needs of disaster areas.²¹ As NPO and business sectors continued to work together in response to natural disasters, some corporate representatives responsible for CSR projects met with NPO representatives to discuss ways in which they could work more effectively in time of disaster.²²

Corporate-NGO relationship strengthened also through common response to humanitarian crises abroad. In 2001, 1% Club became a founding member of **Japan Platform (JPF)**, which brought together NPOs engaging in global issues, business community, and the government to swiftly and effectively carry out emergency aid in response to natural disasters and other humanitarian crises abroad. The 1% Club encouraged member corporations to donate to JPF whenever large crises occurred abroad. In 2006 JPF changed the articles of association to

²⁰ Ibid., I-8, Pekkanen 2006.

²¹ Avenell, “From Kōbe to Tōhoku,” 67.

²² Nihon Keizai Dantai Rengōkai et al., “Higashinohon daishinsai,” I-8.

be able to respond to domestic disasters as well, which enabled a swift response to 3.11; JPF decided to engage in relief efforts within three hours after the earthquake hit.²³

Keidanren's Committee on Corporate Philanthropy and 1% Club conducted a survey of 425 companies about their CSR activities in FY2010. The survey's result offers an overview of corporate philanthropy before 3.11. These companies used a total of 156.7 billion yen for CSR activities (excluding expenditure in response to 3.11), which was 2.2% more than in 2009. Sixty-eight percent of this amount (263 million yen) was donated, and 28% (190 million yen) was used for corporate CSR programs. These companies spent the most amount of money (18.7% of all CSR expenditure) in the field of education, and second most (16.8%) for academic/research projects. Education received the most amount of money four years in a row. Culture and arts ranked fourth (after environment), with 12.6% of the total expenditure. How much of this corporate giving went to NPOs is not clear but it is likely that NPOs received some of the funds corporations used in the fields of education and culture. The survey shows that 1.0% of the total CSR expenditure was used toward NPOs' institutional development.²⁴ A frequent complaint from NPOs is that companies do not do enough to support NPOs through CSR, often preferring instead to engage in projects directly. NPO leaders would naturally prefer that corporations channel their efforts through NPOs, both to support the NPOs as organizations and because NPO leaders feel their groups are more effective.

²³ "Kaigai deno keiken, nihon de ikasu: NGO, shinsai no ba de chikara o hakki," Asahi Shimbun, October 2, 2011. The discussion in this section thus far draws from Kawato, "Corporate-NPO Relationship in Japan."

²⁴ Nihon Keizai Dantai Rengōkai et al, "2010nendo shakai kōken katsudō."

Individual charitable giving before 3.11

According to a survey by Japan Fundraising Association, individuals donated 487.4 billion yen in 2010 to a variety of groups and activities including NPOs, national and local governments, political parties, religious organizations, neighborhood associations, parent-teacher associations, and local events. Japan is often criticized for having a relatively weak “donation culture” (*kifu bunka*) and most people do not donate regularly as a means of social and political engagement.²⁵ When Japanese NPOs speak about establishing a “giving culture,” they may have in mind the US model. As a point of comparison, individual giving to nonprofits in the US exceeded \$258 billion in 2013.²⁶ And that does not include bequest giving (an additional \$28 billion—and an potential area for development as outlined in Appendix I) or corporate giving. Even before 3.11, actors in Japan were energetic in their desire to strengthen “donation culture,” seeing it as a key to long-term independence and security for the sector. For example, Japan Fundraising Association (JFRA) was established in 2009 to promote donations as a means to make social contributions. JAFRA especially seeks to advance bequests, school education regarding donations, and development of a market for social investment. Other actors created new ways for people to donate such as credit card services that facilitate giving to social activities and website systems that allow people to donate online. These efforts to promote

²⁵ NPO Web, “Kifu hakusho 2011 hakkō, shinsai kifu o tokushū,” January 23, 2012, available online at

<http://www.npoweb.jp/2012/01/%E5%AF%84%E4%BB%98%E7%99%BD%E6%9B%B8%EF%BC%92%EF%BC%90%EF%BC%91%EF%BC%91%E7%99%BA%E8%A1%8C%E3%80%81%E9%9C%87%E7%81%BD%E5%AF%84%E4%BB%98%E3%82%92%E7%89%B9%E9%9B%86/> (Accessed on November 15, 2014).

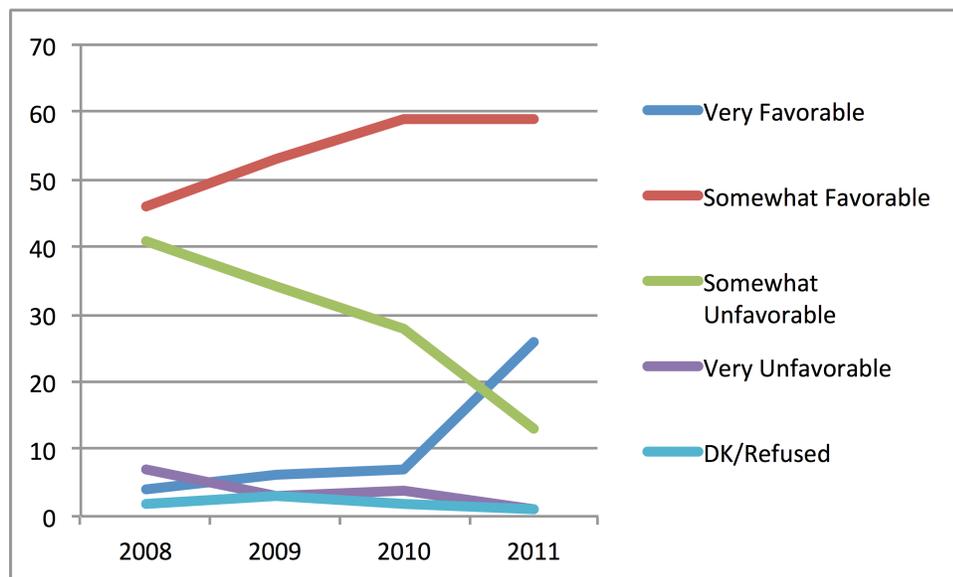
²⁶ Source: *Giving USA 2015: The Annual Report on Philanthropy for the Year 2014*, a publication of Giving USA Foundation, 2015, researched and written by the Indiana University Lilly Family School of Philanthropy. Available online at <http://www.givingusa.org>. *Giving USA* report accessed at givingusa.org on August 10, 2015.

donations, among other efforts, were a part of the context for the significant amount of individual giving in response to 3.11.

ASSESSING THE EFFECTS OF 3.11 ON JAPAN'S CIVIL SOCIETY

This report analyzes the effect of the triple disasters on Japan's civil society over time. There are some immediate effects—predominantly the massive efforts in disaster relief that consumed Japanese society. There are also some near-term effects, including the influx of funding for relief and recovery efforts, as well as the geographic concentration on the Tohoku region. Even if we expect these effects to recede, there could be a lasting influence on the development of Japan's civil society through a changed regulatory framework designed to spur the growth of civil society organizations, and potentially also from a change in views of the role of nonprofits and philanthropy in Japanese society.

The US-Japan relationship is at the heart of the Commission's work, and so an example connected to that relationship can illustrate the importance of the time scale. Operation Tomodachi by the US military has been universally hailed as not only an extraordinarily successful relief effort, but also as a concrete demonstration of the bonds of the US-Japan alliance that persuaded many Japanese to view the alliance and the US more favorably.

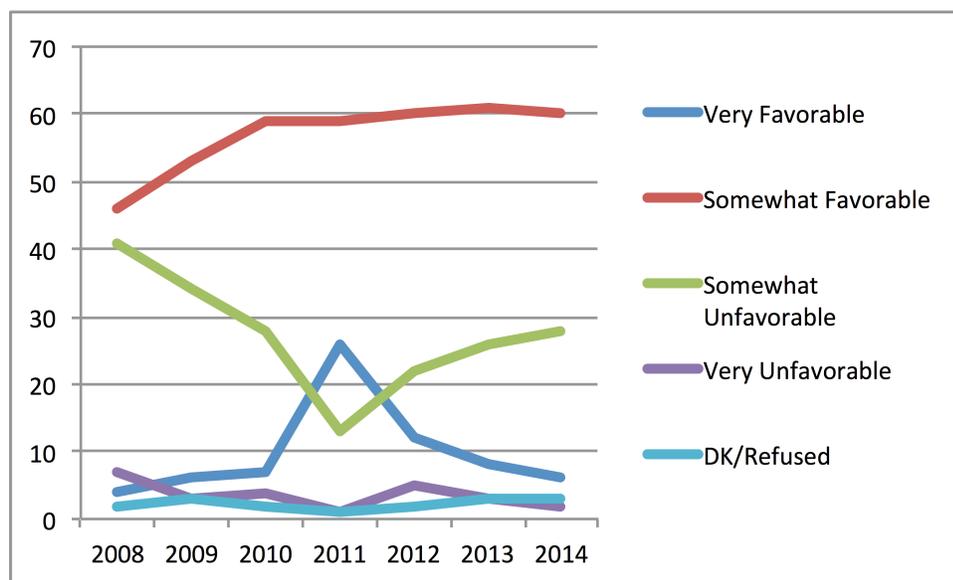
Figure 2: JAPANESE PUBLIC OPINION ABOUT THE UNITED STATES 2008-2011²⁷

Indeed, we can see this is true from Pew surveys in Japan. The percent of Japanese responding that they viewed the US “very favorably” skyrocketed from 7% in 2010 to 26% in 2011. Negative views of the US receded at the same time. Those saying they viewed the US “very unfavorably” nearly disappeared from the partsurvey—dropping from 4% in 2010 to 1% in 2011. These surveys provide fairly compelling *prima facie* evidence that Operation Tomodachi changed Japanese views of the United States in the immediate term after 3.11. These good feelings continued through 2012, with most Japanese (72%) viewing the US “very” or “somewhat” favorably. However, by 2014 the survey results had largely returned to their baseline. Indeed, it is striking that the survey results from 2014 were nearly identical to those of 2010—only 1% off for “very favorable” and “somewhat favorable,” 2% lower for “very unfavorable and identical for “somewhat unfavorable.” The point here is in no way to belittle the importance of Operation Tomodachi, which undoubtedly had many benefits for the US-Japan

²⁷ Pew Global Attitudes & Trends Question Database, <http://www.pewglobal.org/question-search/?qid=844&cntIDs=@25-&stdIDs=> (Access 8/8/2015)

relationship not captured by this survey alone. Rather, the point is that we will be able to observe effects of different duration. Some changes might be transient, whereas others could be lasting.

Figure 3: JAPANESE PUBLIC OPINION ABOUT THE UNITED STATES 2008-2014²⁸



This should in no way diminish the importance of the short term effects. The triple disasters presented a profound challenge to Japan, and the efforts of civil society groups to meet the challenge were often heroic. Rather, it is to point out that we can usefully distinguish between immediate, near-term and long-term consequences in our analysis. It is undeniable that there was a spike in charitable giving to and within Japan related to 3.11. The big questions for civil society are first, will there be a lasting contribution to strengthening philanthropic culture in Japan, and, second and relatedly, how much transformation will be brought about by the regulatory reforms enacted in the aftermath of 3.11 and designed to strengthen the civil society sector. In this section, I investigate the effects of 3.11 through the prism of three different time horizons: immediate, near-term, and long-term.

²⁸ Pew Global Attitudes & Trends Question Database, <http://www.pewglobal.org/question-search/?qid=844&cntIDs=@25-&stdIDs=> (Access 8/8/2015)

Immediate Effects

The immediate effect on Japan's civil society over the first several months after 3.11 was a massive spur to engage in relief efforts. The scale of the disaster meant that many groups engaged in these efforts, even if their primary mission was something else. Groups were repurposed, and *ad hoc*, emergent solutions sprang up as society and government in Japan and even abroad mobilized in response. Limitations in Japan's civil society organizations discussed above also influenced how this response was directed.

NPOs played an important role in providing disaster relief to the people of Tōhoku and in supporting reconstruction of devastated communities. NPOs, with their ability to act swiftly in a focused manner, complemented the efforts of governmental organizations that attend to a broader set of issues and require time for decision-making and implementation.

NPO activities in the immediate aftermath of the earthquake focused on disaster relief. Japanese NGOs (the term "NGOs" is used in Japan to refer to civil society organizations with international work) were some of the first actors to arrive in Tōhoku. They sent staff to gather information and to attend to survivors' immediate needs within days after the earthquake hit.²⁹ These NGOs were able to mobilize quickly due to their experience in responding to humanitarian crises abroad caused by natural disasters and armed conflicts, as well as to previous natural disasters in Japan. Their expertise in various issues including medical and psychological care and hygiene were helpful in Tōhoku.³⁰ These and other NPOs that entered devastated communities in the immediate aftermath of the earthquake identified local needs to plan further action and looked for places with lifelines to set up their bases of operation. Some NPOs played

²⁹ Higashinohon Daishinsai Fukkō Taisaku Honbu Jimukyoku, "Shinsai borantia katsudō no hatashitekita yakuwari," 1.

³⁰ "Kaigai deno keiken, Nihon de ikasu: NGO, shinsai no ba de chikara o hakki," Asahi Shimbun, October 2, 2011.

a crucial role in identifying houses and other places away from main evacuation centers where local residents stayed, oftentimes without official assistance or relief materials. NPOs made lists of these places, communicated them to local governments and other organizations, and distributed relief materials.

Another important role that NPOs played soon after the earthquake was to caution the Japanese public against rushing to affected areas as volunteers or sending relief materials individually. There were several reasons for this. For one, it was difficult to set up Volunteer Centers (which coordinates volunteer efforts) in areas where local governments lost their bases of operation in the tsunami. It was also difficult to secure volunteers' safety due to aftershocks, unstable debris, and in some places due to concerns related to the nuclear accident in Fukushima. Accessing Tōhoku was also a challenge, with roads cut off and the acute shortage of gasoline, food and water. For these reasons, NPOs discouraged the public from entering the affected areas as volunteers unless they could bring their own food, water and gasoline, and secure a place to stay. Instead, NPOs encouraged the public to donate money for the relief effort until local communities would be ready to accept volunteers. With this communication through the media and the Internet, NPOs coordinated public participation in relief efforts. NPOs dispatched their first group of volunteers once Volunteer Centers in devastated areas became ready to accept volunteers towards the end of March.³¹

Some NPOs increased the effectiveness and efficiency of volunteer efforts by preparing volunteers beforehand and bringing them to Tōhoku on "volunteer buses." NPOs organized explanatory meetings to tell prospective volunteers what to expect in Tōhoku and how they

³¹ Kawato, Yuko, Robert Pekkanen and Yutaka Tsujinaka, 2012, "Civil Society and the Triple Disasters: Revealed Strengths and Weaknesses," in Jeff Kingston, ed. *Natural Disaster and Nuclear Crisis in Japan*, London: Routledge, pp.78-93, cite from p. 87.

should behave as volunteers (e.g. prioritizing local needs rather than the tasks they wish to perform). NPOs also advised them about clothing and protective gear, and encouraged them to purchase volunteer insurance. Volunteer buses transported the volunteers, necessary provisions for the volunteers, and relief materials. These self-sufficient and prepared volunteers who registered collectively at Volunteer Centers were easier for devastated communities to accept. Volunteers performed various tasks in Tōhoku, including clearing mud and debris from streets, cleaning houses and public facilities, cooking and serving food to local residents, distributing relief materials, caring for the elderly, and teaching and playing with children.³²

It is important to acknowledge that many international NGOs worked with Japanese NGOs/NPOs in Tōhoku. According to a valuable report by the Japan Center for International Exchange (JCIE), “hundreds” of Japanese and overseas organizations “teamed up” to respond to 3.11.³³ The report describes partnerships between Japanese and Western NGOs with expertise in disaster relief and humanitarian assistance. For example, the report mentions that Church World Service provided funding to Peace Boat to help mobilize volunteers and provide hot meals to evacuees in emergency shelters. These two groups worked closely on program design and implementation, and this collaborative experience evolved into a deeper partnership in projects in other parts of Asia. Similar collaboration developed between Mercy Corps and Peace Winds Japan.³⁴ Some Western NGOs also provided technical assistance to Japanese NGOs as they worked together in Tōhoku, including training on project design, grant writing, evaluation methods, and overall nonprofit capacity building.³⁵

³² Ibid., 87-88.

³³ Japan Center for International Exchange, “Strengthening US-Japan NGO Partnerships on Humanitarian Responses,” 5.

³⁴ Ibid., 8, 11.

³⁵ Ibid., 11.

After the phase for disaster relief was over, many NPOs started to engage in a variety of activities according to their domains of expertise. For example, an NPO opened a telephone hotline for women to report cases of domestic violence, anticipating that there might be an upsurge of cases in the wake of the disaster. Another NPO started a telephone counseling hotline in cooperation with psychiatrists, priests and lawyers, for people who lost loved ones in the disaster. Yet another telephone hotline was for children under the age of 18. Other NPOs started to financially support children who lost their parents during the disaster. An NPO composed of car enthusiasts provided free rides to doctors volunteering in Tōhoku so that doctors can conserve energy and focus on their medical activities. There are also NPOs which support people who have evacuated outside of Tōhoku. One of them has established a system in which a registered evacuee could receive support in finding jobs, receiving social welfare services and education, even when they move to different places. Other NPO activities included providing free interpreters to foreigners and helping farmers test the levels of radioactive materials in their crops, livestock and soil. In sum, NPOs' diverse response to the disaster supplemented relief and recovery work by state actors and highlighted the strength and breadth of Japan's civil society.

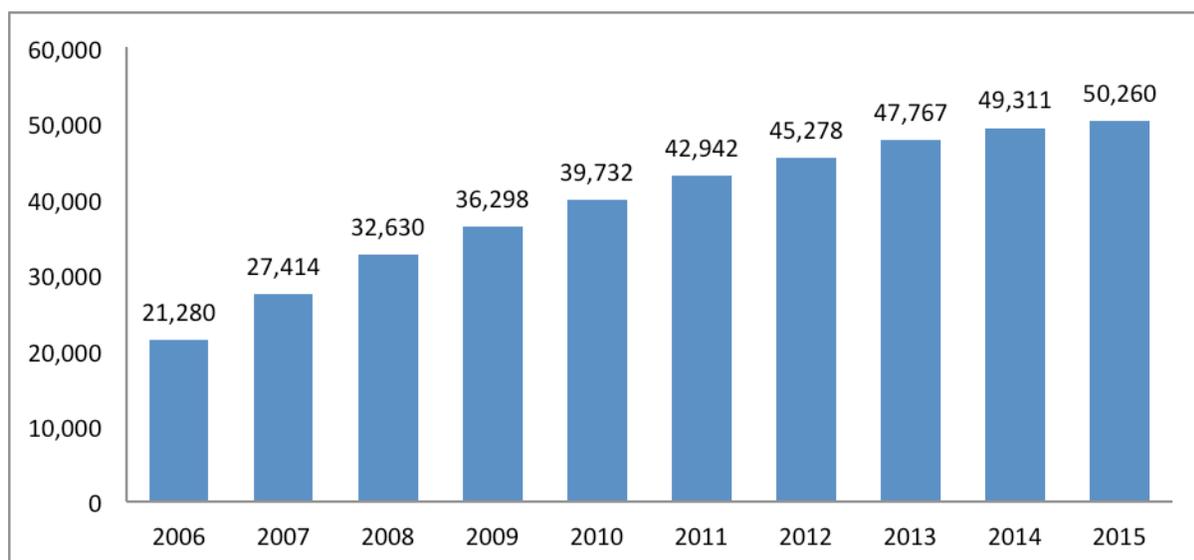
Near-Term Effects

Over the near term, the development of Japan's civil society was affected by the influx of new funds. However, as with the immediate effects, there is a pronounced geographic concentration on the Tohoku area.

Number of NPOs

Since the enactment of the Non-Profit Organization Law (NPO Law) of 1998 which opened way for civil society groups to obtain legal status, the number of NPOs has increased steadily. According to the latest count available from June 2015, there are 50,260 NPOs.³⁶

Figure 4: Growth in the number of NPOs in Japan (2006-2015)

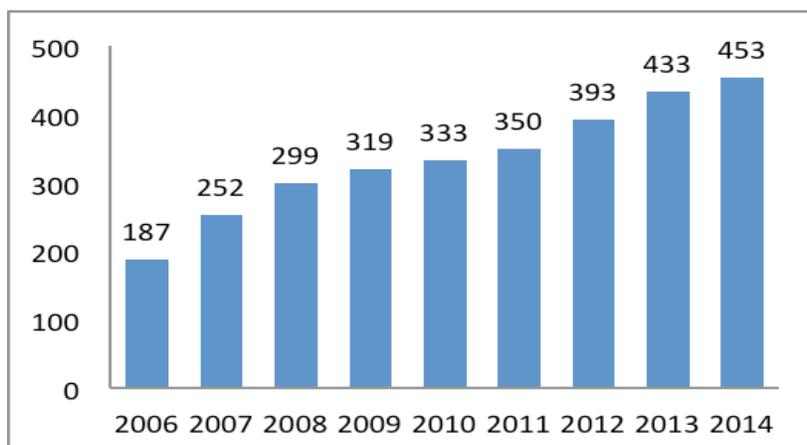


The number of NPOs is from September each year, except for 2012 (October) and 2015 (June). Source: Cabinet Office NPO webpage, https://www.npo-homepage.go.jp/portalsite/syokatsutyobetsu_ninshou.html (accessed November 19, 2014) and <https://www.npo-homepage.go.jp/about/toukei-info/ninshou-seni> (accessed July 29, 2015).

As Figure 4 indicates, at the national level 3.11 did not trigger a growth in the number of NPOs at a greater rate than before. However, the number of NPOs increased at a greater rate in Iwate, Fukushima, and Miyagi Prefectures, which suffered the most damage from to the earthquake (Figure 2 to 4). It appears that many citizens in those prefectures decided to contribute to their communities' recovery by establishing new NPOs.

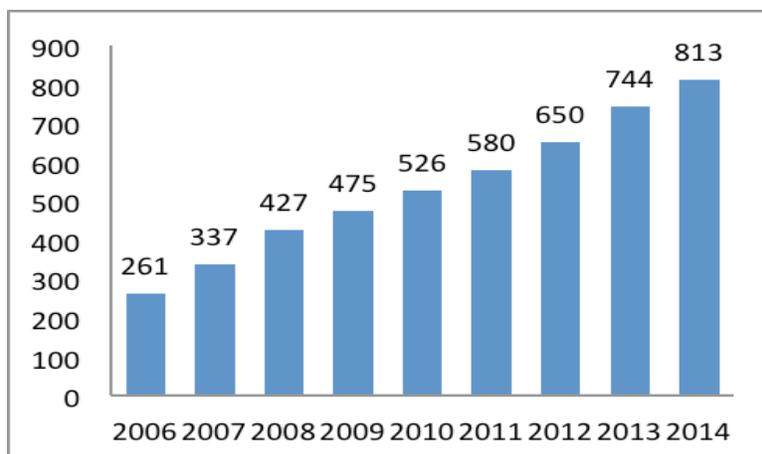
³⁶ Cabinet Office NPO Homepage, “Tokutei hieiri katsudō hōjin no ninteisū no sui’i,” <https://www.npo-homepage.go.jp/about/toukei-info/ninshou-seni> (Accessed on July 29, 2015).

Figure 5: Growth in the number of NPOs in Iwate Prefecture



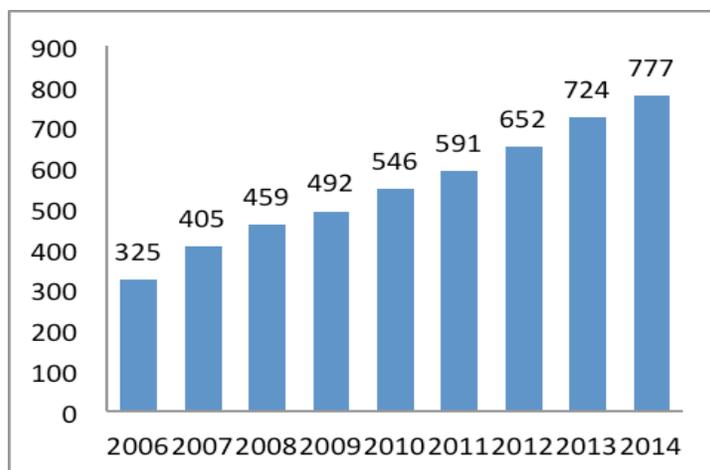
The number of NPOs is from September each year, except for 2012 (October). Source: Cabinet Office NPO webpage, https://www.npo-homepage.go.jp/portalsite/syokatsutyobetsu_ninshou.html (accessed November 19, 2014).

Figure 6: Growth in the number of NPOs in Fukushima Prefecture



The number of NPOs is from September each year, except for 2012 (October). Source: Cabinet Office NPO webpage, https://www.npo-homepage.go.jp/portalsite/syokatsutyobetsu_ninshou.html (accessed November 19, 2014).

Figure 7: Growth in the number of NPOs in Miyagi Prefecture



The number of NPOs is from September each year, except for 2012 (October). Source: Cabinet Office NPO webpage, https://www.npo-homepage.go.jp/portalsite/syokatsutyobetsu_ninshou.html (accessed November 19, 2014).

Philanthropic giving after 3.11

The extremely shocking images of vast destruction and great human suffering caused by the earthquake and tsunami in Tōhoku propelled a large number of people in Japan and abroad to act. The events of 3.11 accelerated the Japanese government's effort to strengthen NPO finances through tax reforms and a revision of the NPO Law. Many corporations donated a large amount of money and supplies, and encouraged their employees to volunteer in affected communities. Many corporations and NPOs worked together to effectively support the people of Tōhoku. In addition, individual citizens donated a significant amount of money for the relief and recovery efforts. Some funds with the aim of supporting NPO activities in Tōhoku attracted individual and corporate donations, enabling many NPOs to deliver important services to the victims of 3.11. A large part of this money that supported NPO activities came from abroad, most notably

the United States. This section discusses funding that became available to NPOs which participated in relief and recovery activities in Tōhoku.

Individual donations in response to 3.11

People made a large amount of donations in response to 3.11. The important size of the donations becomes clear when comparing it to the total amount of individual donations from the previous year. People donated 487.4 billion yen to all kinds of groups and activities in 2010, while they gave 389.9 billion yen specifically for 3.11 just in the period between March 11 and August 19, 2011.³⁷ By March 2012, the amount of individual donations for 3.11-related activities grew to 500 billion yen.³⁸ Eighty-five million people, making up 76.9 percent of the Japanese population above 15 years old, donated during the year after 3.11.³⁹ The important amount of donations made in response to 3.11 has led some to claim that 2011 was the “Year One of Donations” (*kifu gannen*), in which donations emerged as an important means of social engagement. This compares favorably with the share of Americans who donate to charity. In 2004, 70.2% of American households contributed to charity.⁴⁰

A large part of these donations went to victims of the disaster in the form of cash payments (*gien kin*) through the Japanese Red Cross Society and the Central Community Chest of Japan. Another part went to local governments of affected areas through a system called *furusato nōzei* (“paying tax in hometown”). Individual donors contributing to prefectural and

³⁷ The amount for 2010 comes from NPO Web, “Kifu hakusho 2011 hakkō, shinsai kifu o tokushū.” The amount of donations for 3.11 comes from Japan Fundraising Association, *Kifu Hakusho 2011 Summary*, 2.

³⁸ Diamond Online+, “Higashinohon daishinsai de ōkiku kawatta kifu no katachi: Daremo ga shakai kōken no shuyaku ni nareru shakai e, Uo Masataka shi interview,” undated, available online at <http://diamond.jp/articles/-/35601> (Accessed on October 13, 2014).

³⁹ Japan Fundraising Association, *Kifu Hakusho 2012 Summary*, 2.

⁴⁰ These figures are drawn from “Key Findings: Center on Philanthropy Panel Study 2005 Wave” by The Center on Philanthropy at Indiana University, accessed July 27, 2015 at https://philanthropy.iupui.edu/files/research/copps_2005_key_findings.pdf .

municipal governments can enjoy deductions from their income tax or resident tax for the following fiscal year. Although the system's name says "hometown," donors can give to any local government in Japan. After 3.11, many chose to give to Iwate, Miyagi, and Fukushima Prefectures, the three prefectures that suffered the most amount of damage. For example, the amount of donations to Iwate Prefecture in FY2009 was about 550,000 yen, but it grew to 13 million yen in FY2010 toward the end of which the disaster struck, and the amount grew to 449 million yen in FY2011. Donations through *furusato nōzei* grew similarly in Miyagi and Fukushima.⁴¹

Yet another part of the individual donations went to NPOs. NPOs received larger and more accessible funding for relief work after 3.11 than after the Hanshin-Awaji Earthquake of 1995. In 1995, ordinary citizens did not know much about volunteer groups and preferred to give *gien kin* to disaster victims.⁴² Volunteer groups' response to the earthquake in 1995 won much admiration and led to the NPO Law of 1998 through which they could obtain legal status. Since then, the public has recognized NPOs as legitimate actors that require and deserve their financial support. In response to 3.11, many people made contributions to funds set up to support long-term NPO activities, for example at the Central Community Chest of Japan and the Nippon Foundation. The Central Community Chest has gathered 4.3 billion yen for NPOs and distributed 2.8 billion yen to 2,500 projects by December 2013.⁴³ Nippon Foundation gathered 8 billion yen for NPO activities.⁴⁴

⁴¹ "Furusato nōzei, shinsai go ni kyūzō: Hisai sanken no fukkō ni hitoyaku," Sankei Shimbun, June 14, 2014.

⁴² Avenell, "From Kōbe to Tōhoku," 54, 59.

⁴³ Central Community Chest of Japan website, <http://www.akaihane.or.jp/er/p3.html> (Accessed on November 30, 2014).

⁴⁴ See the website of the foundation, http://www.nippon-foundation.or.jp/what/spotlight/tohoku_earthquake/ (Accessed on November 30, 2014).

However, donations for NPO efforts consists only a small portion of the overall amount of individual donations. According to one estimate, nearly 85 percent of the donations went to national and local government agencies and victims of the disaster in the form of *gien kin*, and only a portion of the remaining amount went to NPOs.⁴⁵ Moreover, the amount of donations has decreased over time. The Central Community Chest received 200 million yen for NPOs between July and December 2012, which was less than twenty percent of what it had received during the same period the previous year (1.5 billion yen).⁴⁶ Surveys show that today people support the affected areas more through buying local products and visiting there as tourists, rather than making donations.⁴⁷ Investing in companies in the affected areas through regional revitalization funds has attracted media and investors' attention as well.⁴⁸ Individual donations to NPOs were largest in the period right after the disaster and then began to decline, following the same trend as corporate and international giving. Although this pattern of charitable giving is not surprising, it does not meet the long-term financial needs of the NPOs.⁴⁹ Many NPOs are already short of funds today.⁵⁰

NPOs would benefit from a stronger "donation culture (*kifu bunka*)" in Japan, which would make it more likely for individuals to continue giving to NPOs. It appears 3.11 has

⁴⁵ Japan Center for International Exchange, "US Giving for Japan Disaster Exceeds \$710 Million," 4, citing Japan Fundraising Association, *Kifu Hakusho* 2012.

⁴⁶ "Kiro higashinohon daishinsai 2nen (6) Jyūmin mizukara shien ninau: Itsumademo tayorenu," Nihon Keizai Shimbun, March 9, 2013. Lifenet Insurance Company's survey shows that less people donated in 2012 than in 2011 in response to 3.11: Lifenet Insurance Company, "Higashinohon daishinsai."

⁴⁷ For example, see Tasukeai Japan, "Higashinohon daishinsai go no tasukeai jittai chōsa."

⁴⁸ "Tōshin de chihō o genki ni : koguchi de 'rieki yori ōen' (M&I)," Nihon Keizai Shimbun, August 7, 2013.

⁴⁹ "Shinsai fukkō no chōki senryaku, NPO ya chien, yakuwari masu: Ōsaka daigaku kyōjyu Yamauchi Naoto shi," Nihon Keizai Shimbun, March 31, 2014.

⁵⁰ "Kiro higashinohon daishinsai 2nen (6) Jyūmin mizukara shien ninau: Itsumademo tayorenu," Nihon Keizai Shimbun, March 9, 2013; "hanshin no keiken, todokeru: Higashinohon daishinsai shien 73 dantai ankēto, Hanshin daishinsai kara 18nen," Asahi Shimbun, January 17, 2013.

contributed to the growth of donation culture. According to a survey, 85 percent of respondents said that they came to believe since 3.11 that “they cannot just leave things to the government.”⁵¹ In another survey, 82 percent of respondents that donated after 3.11 and 73 percent of respondents that did not donate after 3.11 said that they hoped more people would donate in the future.⁵²

Corporate giving response to 3.11

Corporate-NPO cooperation in response to 3.11 took several forms. First, many corporations donated money to support NPOs that engaged in post-disaster activities. On March 14, Keidanren asked member companies to donate to two organizations that supported NPO activities: JPF and the Disaster Volunteer-NPO Activities Support Fund of the Central Community Chest. Keidanren participated in deliberations when the Central Community Chest and JPF considered which NPO projects would receive the funds.⁵³

Keidanren’s member companies spent money to support NPO activities through other means as well. Some organized charity events with NPOs to collect funds for NPO activities.⁵⁴ Some companies offered direct financial support to NPO projects including student scholarships, educational programs for children, projects to provide physical and psychological care, and programs for women and elderly. For example, Mitsubishi Corporation established a grant of 2 billion yen to support two hundred voluntary groups until 2015.⁵⁵ A Keidanren survey shows that by the end of September 2011, 154 member companies donated 13.8 billion yen to support

⁵¹ Diamond Online+, “Higashinohon daishinsai de ōkiku kawatta kifu no katachi.”

⁵² NPO Web, “Kifu hakusho 2011 hakkō, shinsai kifu o tokushū.”

⁵³ Nihon Keizai Dantai Rengōkai et al., “Higashinohon daishinsai,” I-10.

⁵⁴ Ibid., I-12-13.

⁵⁵ Avenell, “From Kōbe to Tōhoku,” 67; Nihon Keizai Dantai Rengōkai et al., “Higashinohon daishinsai,” I-6, 14-15.

NPOs and other civil society organizations, and 34 companies spent 2.9 billion yen to establish their own funds and programs.⁵⁶

There is a growing interest in the corporate sector to support NPOs and victims of disasters not only with monetary donations but also with products and services from the companies' main business.⁵⁷ In fact, an increasing number of corporations are using resources that are not financial (such as their employees, products, services, facilities, technology and know-how) to make social contributions within a challenging economic context.⁵⁸ In response to 3.11, for example, Japan Airlines offered free domestic flights for volunteer groups. Softbank donated free mobile phones and plans to JPF. Some corporations worked jointly with NPOs (or relied on them) to distribute products to disaster victims.⁵⁹ Companies also provided free services such as helping craft NPO strategies in the affected areas, creating a system to connect NPO networks with disaster victims, and creating a database of NPOs and evacuation centers.⁶⁰

In addition, many corporations supported their employees' decision to volunteer in disaster areas through volunteer leave programs and other means. Although some volunteering did not involve NPOs, many volunteers worked with NPOs or through local volunteer centers that operated in cooperation with NPOs. According to a survey by Keidanren, 156 member corporations responding to the survey used volunteer leave programs that had existed before, 27 companies created new programs in response to 3.11, 21 companies created programs applicable

⁵⁶ It is possible that the number is higher in reality because not all member companies responded to Keidanren's survey (n=461 companies plus 53 organizations, 35.2 percent and 30.3 percent respectively of the entire membership). Ibid., Summary, I-2, I-10-11, II-4.

⁵⁷ Ibid., I-8.

⁵⁸ This trend in mécénat is described in Association for Corporate Support of the Arts, "2010endo mécénat katsudō jittai chōsa hōkoku sho," March 2011, 11.

⁵⁹ Nihon Keizai Dantai Rengōkai et al., "Higashinohon daishinsai," I-6.

⁶⁰ Ibid., I-18, 23; Ministry of Land, Infrastructure, Transport and Tourism, *Kokudo Kōtsū Hakusho 2012*, 33.

only to volunteering related to 3.11, and 26 companies expanded their existing programs. Some companies covered some or all of the costs incurred by their employees who volunteered, such as costs for transportation, accommodation, equipment and volunteer insurance. One hundred and seventy corporations created their own volunteer programs, while others encouraged employees to volunteer in programs run by other organizations. Both patterns included collaboration with NPOs.⁶¹ By the end of September 2011, Keidanren's 259 member corporations encouraged their employees to volunteer. 53,986 employees volunteered and 10,716 planned to volunteer, with a cumulative total of 181,979 employees.⁶² A survey by Japan NPO Research Association suggests that corporations successfully mobilized volunteers. A highest portion of respondents who volunteered (29.5 percent) participated through "work places."⁶³

Many NPOs operate with volatile and insufficient income streams, and continued collaboration with corporations may alleviate this problem. After 3.11 many individuals and corporations made donations to NPOs but the amount of donation has since declined and it has become challenging for many NPOs to sustain their long-term projects. In this context, joint projects with corporations that would bring much-needed funds and other resources will greatly help NPOs.

NPOs would also benefit if corporations agree to take some of the mechanisms developed to collect donations for 3.11 and use them to support NPO activities today. For example, there are "click" donations (companies donate according to the number of "clicks" their internet sites get), donations of shopping points, cause-related marketing (companies donate a part of the

⁶¹ Nihon Keizai Dantai Rengōkai et al., "Higashinihon daishinsai," I-30.

⁶² The cumulative total suggests that many people volunteered multiple times. The numbers in this paragraph may be higher in reality, because not all of Keidanren's member corporations responded to the survey. Ibid., Summary, I-5-6, I-22-24, II-14, II-16, II-18.

⁶³ Japan NPO Research Association, "Shinsai go no kifu/borantia," 18.

profit), and matching donations (corporations matching customer donations), among other methods. Furthermore, with corporate advice NPOs can explore new ways of collecting individual donations on their own. Crowd funding, through which individuals can contribute small amounts of money to support specific NPO activities, is an example of a new and creative way to collect funds.⁶⁴ Funding obtained with corporate assistance will allow NPOs to better implement projects that seek to address the issues they care about.

International Philanthropy after 3.11

Japan received a large amount of international donations. Between March and December 2011, 119 billion yen were offered from abroad.⁶⁵ This amount includes foreign governments' cash donations as well as private donations through the Red Cross and Red Crescent Societies and other civil-society organizations. Of the 119 billion yen from foreign sources, 17.5 billion yen came from 126 foreign governments as cash donations. In addition, Kuwait offered 40 billion yen-worth of oil and the United States used \$95 million for Operation Tomodachi.⁶⁶ The amount of private donations was larger than governmental donations. The largest amount of private donations came from the United States. In the three years since 3.11, people of the United States donated 73 billion yen (\$730 million), making this the largest American response for an overseas disaster in another developed country and the third largest for any overseas

⁶⁴ “Shikin atsume, net ryū kikaku o hasshin, unei saito ga chūkai: Shinsai o ki ni nihon demo chūmoku,” *Asahi Shimbun*, December 3, 2011.

⁶⁵ Japan Fundraising Association, *Kifu Hakusho 2012*, 39.

⁶⁶ *Ibid.*, 34.

disaster.⁶⁷ Large donations also came from Taiwan (17.9 billion yen), South Korea (4.5 billion yen) and United Kingdom (2.5 billion yen).⁶⁸

In the United States, various organizations mobilized to collect large contributions for Japan. The American Red Cross attracted the largest amount of donations (\$312,000,000 as of March 2014). Organizations that specialize in international development and humanitarian assistance as well as religious organizations collected significant amount of donations. Organizations which promote intellectual, cultural, and business exchange between Japan and the United States also played an important role. These organizations included the Japan Society of New York, Japan-America Society of Hawaii, Japanese Cultural and Community Center of Northern California and JCIE, all of which ranked among the 30 American organizations that collected the most amounts of donations for 3.11 response.⁶⁹ More than 50 companies pledged over \$1 million for the disaster response as well.⁷⁰

According to a cogent analysis by JCIE, there were three main ways through which American funds were distributed in Japan. First was through American organizations' affiliates in Japan. The American Red Cross, Save the Children USA, World Vision and the Salvation Army, among other top collectors of donations in the United States, have affiliates in Japan. The American donations were transferred to the Japanese affiliates so that they could support rescue, relief and recovery activities in Tōhoku. The second way in which American donations were distributed in Japan was through Japanese intermediary organizations. For example, Japan

⁶⁷ Japan Center for International Exchange, "US Giving for Japan Disaster Reaches \$730 Million," 1.

⁶⁸ Japan Fundraising Association, *Kifu Hakusho 2012*, 39 and Japan Center for International Exchange, "Strengthening US-Japan NGO Partnerships on Humanitarian Responses," fn3

⁶⁹ For a list of American organizations that collected the largest amount of donations for the 3.11 response, see Gannon, "International Philanthropy and Disasters in Developed Countries," 8.

⁷⁰ *Ibid.*, 10.

Society of New York provided funding to Japan NPO Center, which then provided grants to NPOs working in Tōhoku. Third, a part of American donations went directly to Japanese civil society groups as grants.⁷¹ All in all, about 90 percent of the funds raised in the United States supported Japan's NPO activities. This was quite different from how individual donations from within Japan were spent; most of the domestic donations went to national and local administrations and to the victims of the disaster. American donations composed as much as one-quarter of the total amount of donations available to NPOs. In many cases, these donations supported long-term initiatives rather than emergency relief. For example, 17 percent of US funding went to projects to help rebuild community ties, 12 percent to provide psychological care and counseling, and 11 percent to support NPO capacity building and volunteer mobilization.⁷²

Giving after 3.11: Diversion of funds or entry of new funds?

One may wonder if there was diversion of donations and grants after 3.11 from NPOs that did not actively engage in projects for disaster relief and recovery in Tōhoku toward NPOs that did. There is anecdotal evidence that some NPOs with missions unrelated to disaster relief experienced acute shortage of funds after 3.11. In one example, an anti-landmine organization which did not participate in the relief effort in Tōhoku did not receive any donations in the aftermath of 3.11 and went through a financial crisis in April and May 2011.⁷³ Asahi Shimbun reported in December 2011 that many NPOs were in a similar situation. For example, a

⁷¹ Japan Center for International Exchange, "Strengthening US-Japan NGO Partnerships on Humanitarian Responses," 10.

⁷² Japan Center for International Exchange, "US Giving for Japan Disaster Exceeds \$710 Million," 4.

⁷³ This information is from a dissertation in preparation by Melanie Wacker, a Ph.D. candidate at the University of Duisburg-Essen. Telephone conversation on December 3, 2014.

representative of a self-help NPO run by drug addicts said that the group was going through the largest crisis since its establishment in 2004 because many donors had decided to contribute to the efforts in Tōhoku instead.⁷⁴ A foundation for community development (Machizukuri Shimin Zaidan) also said in its project plans for FY2012 that community development organizations outside of Tōhoku are experiencing shortage of funds due to reduced donations since 3.11.⁷⁵ In addition, while member NGOs of Japan Platform received large funds for their activities in Tōhoku, donations for their international projects decreased by 20-30% after 3.11.⁷⁶

Despite such anecdotal evidence, a survey data and interviews with experts of NPOs in Japan suggest that diversion of funds was not significant. Japan NPO Research Association conducted a survey in July 2012 to ask individuals who made monetary donations in response to 3.11 how their pattern of giving to organizations and activities unrelated to 3.11 has changed. Just above 20 percent of respondents increased the amount of donations to activities and groups unrelated to 3.11, 49.0 percent have not changed their pattern of giving, and 2.8 percent decreased the amount of donations. Just above 27 percent of respondents had not donated before 3.11.⁷⁷ This data shows that on balance the new pattern of giving increased the size of the funds available to various activities and organizations unrelated to 3.11. NPO experts also said in interviews that they have not noticed any diversion of funds from NPO activities unrelated to 3.11 to those responding to 3.11. They noted that new funds were created to support 3.11-related

⁷⁴ “Sasae aō, shinsai no nenmatsu NPO, uneihi no kinsaku ni honsō, hisaichi e bokin katsudō, Gifu ken,” Asahi Shimbun, December 17, 2011.

⁷⁵ Machizukuri Shimin Zaidan, Project plan for FY2012, available online at http://www.machi-f.or.jp/disclosure/docs/24_1_jigyokeikaku.pdf (Accessed August 13, 2015) p1.

⁷⁶ Nagamitsu Daiji, “Kokusai kyōryoku NGO no kunō, shinsai o dō norikoeru ka,” June 16, 2011, available online at <http://dev-media.blogspot.fr/2011/06/ngo.html> (Accessed on February 8, 2015).

⁷⁷ Japan NPO Research Association, “Shinsai go no kifu,” 38.

projects, and private donors and funders of projects unrelated to 3.11 continued to make their funds available just as before.⁷⁸

When considering culture and education NPOs specifically, it is also unlikely that significant diversion of funding resources occurred from NPOs that did not engage in 3.11-related activities to other NPOs that did. Culture and education NPOs could apply for the grants discussed in the Appendices to carry out their projects in support of Tōhoku, in the context of increasing donations for activities unrelated to 3.11. Furthermore, it is unlikely that diversion of funds occurred from culture and education NPOs to other types of NPOs following 3.11. In the field of culture, the Association for the Corporate Support of the Arts established the GBFund soon after 3.11, making new funding available to organizations that sought to support Tōhoku. According to the association's representative, the fund was set up not due to a concern about funds being diverted from cultural activities to other activities in the aftermath of 3.11, but due to conviction of the association's leaders that after the immediate needs of the people of Tōhoku are met through disaster relief these people will need cultural activities to recover from the disaster.⁷⁹ Other funds also became available to culture NPOs who wished to contribute to the recovery of Tōhoku. One expert said in an interview for this report that he thinks that both the number of cultural NPO projects supported by grants and the total amount of grants increased after 3.11.⁸⁰ The need to support Tōhoku on education was quite obvious from immediately after 3.11, given the destruction of educational facilities and disruption of learning opportunities. Diversion of funds from education NPOs to other types of NPOs does not seem to have occurred.

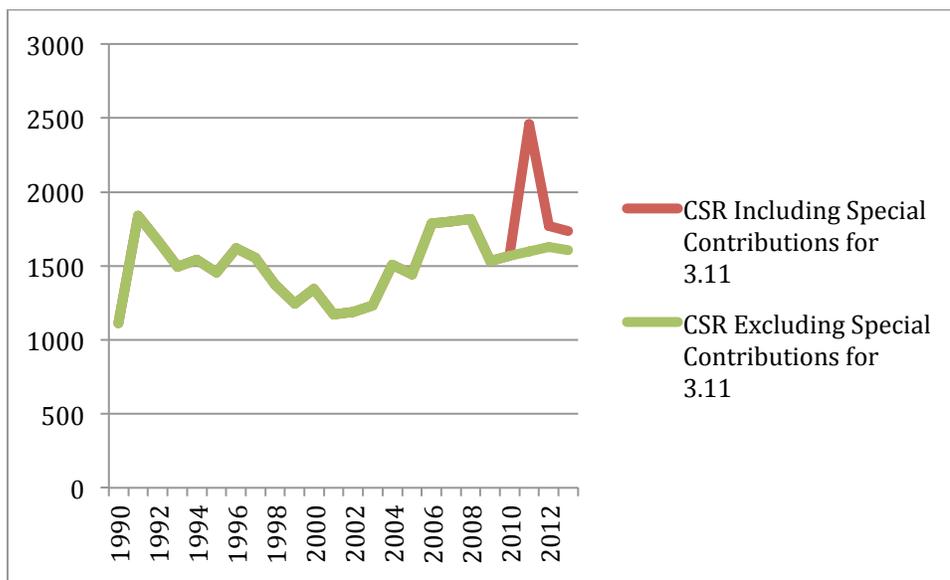
⁷⁸ Interviews with Sota Shūji, July 7 and Yoshikawa Rieko, July 29, 2015.

⁷⁹ Interview with Ogiwara Yasuko, July 30, 2015.

⁸⁰ Interview with Sota Shūji, July 7, 2015.

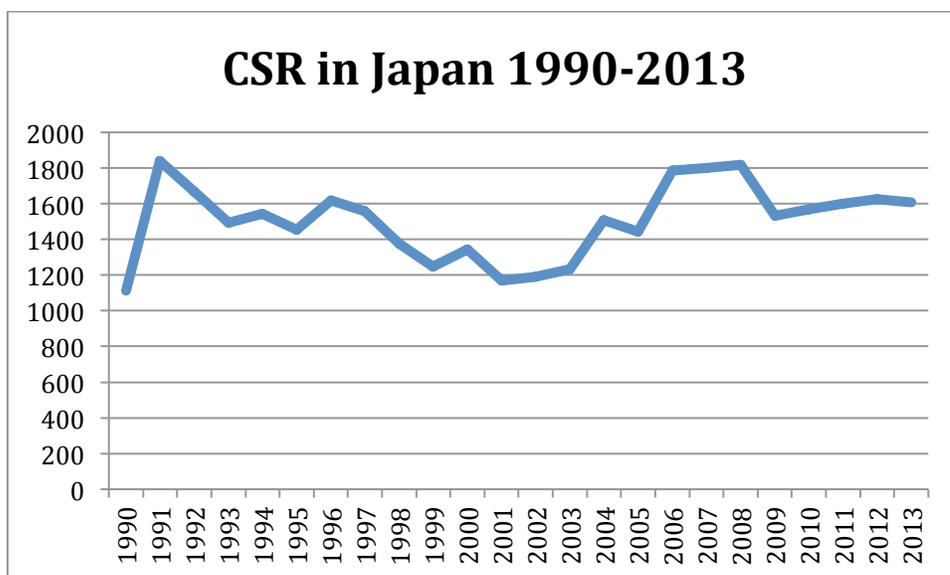
In fact, NPOs that provide cultural and educational services in Tōhoku have been some of the major recipients of funding related to recovery from 3.11.

Figure 8: CSR trends over time—not including special contributions for 3.11



Units: 100,000,000 yen Source: http://www.keidanren.or.jp/policy/2014/082_honbun.pdf

Figure 9: CSR trends 1990-2013—not including special contributions for 3.11



Units: 100,000,000 yen Source: http://www.keidanren.or.jp/policy/2014/082_honbun.pdf

Figures 8 and 9 below show the trends in CSR over time. Figure 8 includes special CSR contributions made for 3.11 relief and recovery. These contribute to a spike in CSR in 2010, tapering off dramatically even by 2013. Figure 9 shows CSR trends in Japan over the past 25 years. In Figure 9, the special contributions for 3.11 are not included. As a result, it makes clear the relatively steady levels of CSR contributions over the past two and a half decades. Altogether, it appears that 3.11 giving was limited-term spike in additional giving, and that the levels are returning to their baseline.

LONG TERM EFFECTS

The massive increase in funding for and through civil society organizations might only last for a limited time period, but it is still incredibly significant because of the good it did in mitigating the effects of the triple disasters. While in no way dismissing the significance of these near-term effects, we can also look for longer-term influence on the development of civil society in Japan. One possible impact comes in the strengthening of “donation culture.” Individuals and corporations could be more likely to donate to charitable causes as a result of 3.11, or seeing the role that civil society organizations played in relief efforts. We will only be able to evaluate such claims after the passage of time.

They are somewhat more likely to come true, however, due to regulatory changes passed in the aftermath of 3.11. These regulatory changes themselves are a second area of potential lasting impact. Advocates have long argued that the key to strengthening Japan’s civil society organizations was to give them favorable tax treatment, including making charitable contributions to them tax-deductible. In the US context, many think of nonprofits as all being

“tax-deductible” or “tax-exempt” groups. Whether or not this oversimplifies the tax situation faced by US nonprofits, it does highlight the fact that many groups—more than 1,000,000—are eligible for such contributions in the US. In Japan, however, the number of groups legally allowed to receive tax-deductible contributions has been strictly regulated. This probably has something to do with differing visions of public purpose—as in, are tax-deductible donations to nonprofits a diversion of money from the public purse or an alternative means of contribution to the public.

Relaxing these regulations thus can both reflect a shift in views about the state-civil society relationship and at the same time also enhance the financial support base for nonprofits in Japan. These are significant changes, to be sure, but from another point of view, recent steps are evolutionary, not revolutionary. In many ways, the changes after 3.11 are but the latest in a series of measures in these directions over the past 20 years.

Charitable Contributions to NPOs before 3.11

The number of NPOs increased steadily after the NPO Law of 1998, going from zero to 50,000 by 2015. As is the case in many places around the world, many of Japan’s NPOs have found only tenuous financial footing. Nonprofit advocates argued that the way to change this would be to create tax-advantaged channels for private donations to support nonprofit organizations.

In 2001, the Diet passed a law designed to increase the number of NPOs which could receive tax-deductible contributions. This law created a subcategory of “certified NPOs” (*nintei* NPOs). In other words, some NPOs would go through an additional step and become “certified NPOs.” The National Tax Agency would grant this certification allowing individual and

corporate donors to claim income tax deductions for contributions made to the “certified NPOs.” Donors had to give more than 10,000 yen to be eligible to claim the deduction.

Subsequently, the state carried out a series of reforms to promote giving to certified NPOs. In 2005, the government raised the upper limit of income tax deductions for individual contributions from 25 percent to 30 percent of income, and then raised it again in 2008 to 40 percent.⁸¹ Donors still had to give more than 10,000 yen to be eligible to claim the deduction until this was reduced in 2006 to 5,000 yen and then further decreased in 2010 to 2,000 yen.

In 2006, three new Acts were passed by the Diet to reform the Public Interest Legal Person system. The new system established a Public Interest Commission, modeled on the Charity Commission of the United Kingdom. Serving on the PIC would be seven experts (private citizens, not bureaucrats) appointed by the Prime Minister and a staff of 100 to determine legal status through application of clear criteria (replacing the old “permission” system). The PIC would report to the Cabinet Office, while local councils would operate at the prefectural level.

In addition to these efforts, the government set up a round-table on the “new public (*atarashii kōkyō*)” within the Cabinet Office in January 2010 and created measures to increase donations to certified NPOs. The round-table, which aimed to encourage NPOs and businesses to participate in the provision of social services, resulted in a supplementary budget for FY2010. From this budget each prefecture would receive a subsidy to operate a fund, which would be used to facilitate NPO establishment and operations, and to support NPO efforts to gather donations. Prefectures would also use the fund to promote cooperation between NPOs, regional public organizations, and private companies.

⁸¹ <http://www.cao.go.jp/zeicho/tosin/170617.html>

Regulations were evolving even before 3.11—changing in 2001, 2005, 2006, 2008, and 2010—and subsequent changes continued this trend.⁸²

Changes After 3.11

The government enhanced its effort to improve NPO finances after 3.11. In response to 3.11, the government allocated emergency funds for NPOs assisting the disabled and the elderly in affected areas and reduced duties and taxes for NPOs' purchase of vehicles.⁸³ On March 15, the Ministry of Finance recognized the Disaster Volunteer-NPO Activities Support Fund of the Central Community Chest of Japan as a “designated donation (*shitei kifukin*),” allowing donors to benefit from tax exemptions. NPOs and other voluntary groups engaging in post-disaster activities could apply for funding of up to three million yen.⁸⁴

The most important reform in the post-3.11 period regarding civil society is the revision of the NPO Law on June 15, 2011 (which came into effect April 1, 2012), which aimed to increase the number of certified NPOs. In the decade since 2001 when the category of “certified NPOs” had been established, only a tiny number had gained that status. By 2011, only 223 of 42,385 NPOs had obtained it—making up a mere 0.005% of those nominally eligible.⁸⁵ The reform of June 2011 relaxed the requirements for certification. Previously, for a NPO to receive certification, it had to pass a “public support test.” Such public support tests exist in several countries. The logic behind them is that, if funds are to be diverted from the public treasury, they

⁸² Other reforms include the creation of the “intermediate legal persons” category in 2001 and adoption of accounting PICAS-2004 and PICAS-2008 standards (Deguchi, forthcoming).

⁸³ Avenell, “From Kōbe to Tōhoku,” 62.

⁸⁴ *Ibid.*, 66.

⁸⁵ Kawato et al., “Civil Society and the Triple Disasters,” 91, for the number of certified NPOs taken from the National Tax Agency site that is no longer available. For the number of total NPOs, see the Cabinet Office website https://www.npo-homepage.go.jp/txt/pref_history.txt.

should go to organizations that are supported by the public and the best way to establish this is requiring the organization be receiving broad public support through donations. Setting aside for the moment the potential Catch-22, the specifics of the test obviously can have a substantial influence on how many groups clear the bar. And, few organizations could clear the specific bar in Japan. Japan's version of the public support test required an organization to receive donations sufficient to make up 20% of its income in order to earn certification.

Whatever its merits, few organizations passed the test and the 2011 reforms were designed to greatly increase the number of "certified NPOs." The reform aimed to increase the number of "certified NPOs" through three measures. First, two alternative public support tests were introduced. Second, a "provisional certification" system was created. Third, authority to certify NPOs was shifted from the National Tax Agency to local governments.

The alternative public support tests aim to provide straightforward and simple ways to demonstrate public support. An NPO could receive a special designation through local ordinance, and this would be considered passing the public support test. Another way to pass the test would be for the NPO to show that it more than 100 donors, each of whom gave more than 3,000 yen.

Furthermore, the law created a "provisional certification" system (*kari nintei seido*), designed to allow NPOs seeking certification to better prepare themselves to pass the public support test. Donors to NPOs with provisional certification would be able to deduct 40 percent of the donation amount from their income tax. This privilege makes it easier for the NPOs to attract donations and pass the public support test (especially the one requiring more than 100 donors giving more than 3,000 yen each), to become fully certified. NPOs less than five years old were permitted to apply for provisional certification. (NPOs over five years old could apply

for the first three years since the enactment of the law but this period expired in March 2015.) The creation of a provisional certification was intended to short-circuit the chicken-and-egg problem of NPOs needing donations to obtain the status needed for donors to gain tax benefits for their donations.

In addition, the revised NPO law of 2011 aimed to expedite the certification process by transferring the authority to certify NPOs from the National Tax Agency to prefectures and twenty designated cities. A tax reform of 2011 also expanded privileges for individuals donating to certified NPOs by allowing them to choose between deduction from their income tax or from their total taxable amount. Individual donors would also be able to benefit from resident tax deductions by donating to NPOs designated by local ordinance.

These efforts to promote individual donations will help NPOs' finances. However, many NPOs still operate with inadequate income and believe that the state needs to do more. According to the Cabinet Office's survey from 2013, 60.2 percent of NPOs without special certification and 62 percent of certified and provisionally certified NPOs responded that receiving financial aid from the state is necessary to further develop their activities, making this their most important request to the state. In the same survey, 40.9 percent of non-certified NPOs and 51.7 percent of certified and provisionally certified NPOs said tax privileges for donating to NPOs should be expanded.⁸⁶

There is more to be done to raise awareness of these tax benefits. According to a survey conducted by the Japan Fundraising Association in 2012, only 10 percent of respondents said they "knew about" and "understood the content" of the revised NPO law of 2011 and the tax reform that expanded benefits for individuals who donate to NPOs; 32.2 percent said they had

⁸⁶ Cabinet Office, "Tokutei hieiri katsudō hōjin," FY2013, 128.

heard about the reforms but did not understand their content, and nearly 60 percent said they were unaware of the reforms.⁸⁷ Reforms to increase individual donations may not achieve their goal if these tax benefits are not widely known.⁸⁸ In the US, donations by wealthy individuals and by corporations tends to be sensitive to variations in the tax code, but the majority of people who say they made charitable contributions do not claim them on their tax returns. However, it is likely that *knowing* about the tax-exempt status of organizations influences decisions about charitable giving even for those who do not file the paperwork to claim the deduction.

More could be done to encourage application for the certification, too. The revised NPO Law increased the number of certified NPOs from 244 to 682, which, according to an estimate, was achieved with a growth rate four times faster than before. Yet the number of certified NPOs is still small as a proportion of 50,260 total NPOs and donations remain only a minor portion of organizational revenue on average.⁸⁹ The aforementioned survey by the Cabinet Office in 2013 asked why NPOs were not making progress in preparing to apply for certification: 44.5 percent of NPOs said that the application documents are complicated and require time and effort to

⁸⁷ Japan Fundraising Association, *Kifu Hakusho 2012*, 185.

⁸⁸ There is a debate in the Japanese academic community about whether knowing about tax privileges would motivate individuals to donate. A survey about the impact of tax exemption system and its expansion in April 2011 showed that 19.1 percent of respondents who donated in response to 3.11 said the tax privileges encouraged them to donate, 40.4 percent said they knew about tax privileges but this did not encourage them to donate, and 40.5 percent said they donated without knowing about the tax reforms. Yamamoto, “Higashinihon daishinsai ikō no kifukin kōjyo no kakujuū seisaku no kenshō,” 12.

⁸⁹ The number of certified NPOs is from June 30, 2015. It is an addition of 558 NPOs certified by prefectures and designated cities on the basis of the revised NPO Law in effect since 2012, plus 124 certified NPOs under the former system. There were 187 provisionally certified NPOs as well. The data is available on the Cabinet Office’s website <https://www.npo-homepage.go.jp/about/toukei-info/nintei-houjin> (Accessed on July 29, 2015). The estimate for the growth rate of certified NPOs is from C’s, “Kyōsan, NPO kaisei no yōbōnaiyō o hiaringu,” April 2, 2015. The number of NPOs is from June 2015, available also on the Cabinet Office’s website <https://www.npo-homepage.go.jp/about/toukei-info/ninshou-seni> (Accessed on July 29, 2015).

complete, 40.2 percent said that they do not have staff with specialized knowledge of accounting or taxes, and 24.6 percent said the requirements for certification and other aspects of the certification system are complex and difficult to understand.⁹⁰ State efforts to remove these obstacles may encourage more NPOs to apply for certification.

CONCLUSION

Civil society organizations were an important part of Japan's relief and ongoing recovery efforts following 3.11. Civil society organizations strained under a massive increase in giving, both domestically and from international sources. This outpouring was never likely to be sustained beyond the near-term, and we already see evidence that this flow has ebbed back to pre-disaster levels. Over the longer term, civil society organizations will benefit from the strengthening of "giving culture" that the rush of donations represents. In addition, the development of civil society organizations will benefit from the regulatory changes implemented in the shadow of the crisis. Those changes come as the latest in a series of adjustments over the past two decades.

⁹⁰ Cabinet Office, "Tokutei hieiri katsudō hōjin ni kansuru jittai chōsa hōkusho," FY2013, 127.

APPENDIX 1: GROWING CIVIL SOCIETY IN JAPAN 2020 AND BEYOND

The 2020 Olympics in Tokyo represent a potential opportunity to contribute to the development of civil society organizations in Japan. Although the Olympics will be an event to celebrate in Japan, lessons from the response to the 3.11 tragedies could be drawn to enhance the benefit to civil society organizations. The relief and to a lesser extent recovery efforts of 3.11 and the Olympics are times when a substantial but short-term influx of resources are concentrated in a particular area in Japan. The potential exists to learn from 3.11 in order to make the benefits of the Olympics contribute to the long-term development of civil society in Japan.

NPOs face a variety of challenges to operate and grow. Most important challenges can be categorized into three areas: human resources, financial capacity, and communication. Many NPOs face these challenges because the NPO sector emerged relatively recently with the NPO Law of 1998, and external funding to help NPOs' institutional development is insufficient. One interviewee for this report said that public acknowledgement of the fact that NPOs play an important role in providing social services remains still weak in Japan.⁹¹ Another interviewee said that grants to help strengthen NPOs' institutional foundation are rare because strengthening NPOs takes time and the result is not as immediately visible.⁹²

Developing human resources

The number of professional staff operating many of Japan's NPOs remains small. The Cabinet Office for fiscal year 2014 reports NPOs employing about 750,000 people while about 10% of Americans worked for nonprofits. Moreover, most Japanese who work in nonprofits

⁹¹ Interview with Kishimoto Sachiko, July 31, 2015.

⁹² Interview with Yoshikawa Rieko, July 29, 2015.

work for small groups—the median number of employees is 7—which are often faced with severe resource constraints.⁹³ Shortage of funding often limits the number of professional staff a Japanese NPO can hire on a contract without a fixed termination date. For example, about 70-80% of university graduates going into the field of art management are employed on one, two, or three-year contracts that must be renewed when the term ends.⁹⁴ Maintaining quality projects and expanding NPO activity are challenges for NPOs with a small number of professional staff. For example, NPOs which hope to create new projects need leaders to take over existing projects and perform tasks such as improving the existing projects and writing grant applications, but many NPOs do not have adequate manpower.⁹⁵ NPOs may have to limit the number of projects even when NPOs wish to organize new projects or spread the current projects to a wider geographic area. Furthermore, NPOs with a small number of professional staff require more time to develop expertise and are less likely to have policy influence than NPOs with a large number of professional staff. It is difficult for many Japanese NPOs to accept one or two years' worth of salary support for a skilled staff member—for example through a grant—because the NPOs would feel obliged to employ this person even after funding disappears.⁹⁶ American nonprofits face similar challenges, but the more liquid US labor market means that people can work for nonprofits for a portion of their career, but also find employment at other times in their lives in the corporate or public sectors.

⁹³ Japanese data Cabinet Office, “Tokutei hieiri katsudō hōjin ni kansuru jittai chōsa,” FY2014; US data from <http://nccs.urban.org/statistics/quickfacts.cfm>.

⁹⁴ Interview with Uematsu Yūko, July 27, 2015. The numbers are from the interviewee’s impression, not from a survey data. The interviewee’s organization is trying to conduct research about labor conditions in art management in order to obtain data and advocate for art managers.

⁹⁵ Interview with Nitta Eriko, July 27, 2015.

⁹⁶ Japan Center for International Exchange, “Strengthening US-Japan NGO Partnerships on Humanitarian Responses,” 13.

Another challenge is retaining and motivating professional staff. Salaries are often low, making saving for retirement a real concern for employees. Demanding hours also threaten the work-life balance for employees. Women are numerous among staff for art management nonprofits for example. There are many NPOs without established maternity leave policies. Moreover, staff are often expected to work particularly long hours in planning and putting on large events.⁹⁷ Employees face difficult choices and may elect to exit employment.

This is an issue not just for nonprofits, but more broadly in Japanese society and employment practices.⁹⁸ However, few dispute that NPOs need more funding to increase the number of professional staff, increase their salary, and pay for staff training in NPO management and other relevant skills. NPO support organizations also need funds so that they can help NPOs develop human resources.

In the meantime, as a short- to mid-term solution, an interviewee for this report suggests training people to support tasks of multiple NPOs. Grants to train external professional staff that helps multiple NPOs perform tasks might help. For example, the interviewee sees demand for professional coordinators who connect NPOs with external actors for collaborative projects (e.g. connecting an NPO with schools in a region so that NPOs with limited staff do not need to spend time and resources to approach multiple schools).⁹⁹ Increasing student internships to obtain practical experience while in school may also help.¹⁰⁰

⁹⁷ Interview with Uematsu Yūko, July 27, 2015.

⁹⁸ See Schoppa, Leonard, 2006, *Race for the Exits: The Unraveling of Japan's System of Social Protection*, Ithaca, NY: Cornell University Press.

⁹⁹ Interview with Nitta Eriko, July 27, 2015.

¹⁰⁰ Interview with Uematsu Yūko, July 27, 2015.

Developing financial capacity

A majority of Japan's NPOs suffer from volatile and insufficient income streams. This is a serious challenge because it affects many aspects of NPO operation and creates obstacles to NPOs' growth. NPOs with limited resources can devote relatively little money and time to expand membership, professional staff, area of operation and budget by writing grant applications and collecting donations.

There are some challenges in developing NPOs' financial capacity. First, it is often argued that Japan has a weak "donation culture." It may be the case that post-3.11 a stronger philanthropic tradition could be developing, abetted by legal and tax changes. In the meantime, fund-raising can be challenging for NPO.¹⁰¹ Second, applying for and receiving grants can help NPOs develop new projects that address the issues of concern in innovative ways (because many funders prioritize innovative projects), but there is a financial downside to receiving many grants. Most subsidies and grants are for project costs and do not include administrative costs (such as salary to staff and rent for office space), so the more subsidies and grants NPOs receive, the greater the financial stress on the already strapped NPOs.¹⁰² Grants that allow NPOs to spend a set amount of the money for administrative expenses are starting to emerge but their number is still small and the amount is not sufficient to cover all labor expenses and other administrative costs.

What can help NPOs' financial development? Strengthening philanthropy in Japan could lead to an improvement in the financial situation for NPOs. In 2014, NPOs relied mostly on

¹⁰¹ Interview with Yoshikawa Rieko on July 29, 2015 brought up the cultural difficulty of NPOs to ask for donations.

¹⁰² Interview with Higuchi Sadayuki, July 23, 2015.

project income (74.5%), then on grants and subsidies (13.7%), membership fees (8.3%), donations (1.3%) and “other” sources of income (2.4%).¹⁰³ NPOs use project income and grants/subsidies mostly to run projects, but they can utilize donations and membership fees more freely to cover administrative expenses and ensure organizational sustainability, and to expand NPO activities. For example, an NPO can use donations to build a facility which can help expand NPO projects and increase the number of people who can benefit from the services that the NPO provides.¹⁰⁴ Diversifying the source of funding can also reduce dependence on project income and grants/subsidies from national and local governments, corporations and foundations that may not always be there as stable sources of income.

According to an interviewee for this report, most NPOs will have to improve their abilities in marketing and fundraising to increase private and corporate donations.¹⁰⁵ In addition, NPOs must choose grants strategically according to their long-term objectives and missions. This way, NPOs can use grants as seed money to develop new projects and ultimately grow as organizations. If NPOs apply for grants merely as a source of income and without a strategic vision, it may create NPO dependence on grants and subsidies.¹⁰⁶

Improving communication

There are several things that NPOs can do. First, as is evident from the fact that donations is only a small portion of the NPOs’ income, many NPOs need to make a stronger effort to communicate the importance of their activities to the public and ask for donations and other forms of support (volunteering, participation to events, etc). Second, interviews for this

¹⁰³ Cabinet Office, “Tokutei hieiri katsudō hōjin ni kansuru jittai chōsa,” FY2014, 28.

¹⁰⁴ Interview with Nitta Eriko, July 27, 2015.

¹⁰⁵ Interview with Yoshikawa Rieko, July 29, 2015.

¹⁰⁶ Interviews with Yoshikawa Rieko, July 29 and Kishimoto Sachiko, July 31, 2015.

report revealed that creating domestic and international networks of NPOs to share experience, lessons and best practices could be useful. Third, NPOs and NPO support organizations need to develop more capacity to conduct research about citizens' and NPOs' needs and develop expertise about their issues of interest. According to an interviewee for this report, many NPOs do not start by doing research. They start to help people that are close to them like people in their community, family members and friends. They focus on implementing projects for several years and then start to wonder if the way they work and the services they offer are the most effective to address the issues they are concerned about. They then consider doing research.¹⁰⁷ NPO support organizations conduct research more often than NPOs. But NPOs' and NPO support organizations' research capacity is limited because grants for research are almost nonexistent in the fields of culture and education. With limited capacity to conduct research and stronger NPO networks still to be developed, it is a challenge for culture and education NPOs to engage in advocacy.

Another area for potential contribution is to encourage philanthropy in Japan through developing the concept of planned giving. Planned giving, which allows donors to give throughout their lifetime and after death, is not yet very common in Japan but is attracting more attention. A Japan Fundraising Association survey in 2013 showed that 21 percent of respondents said they are willing to donate their estates as bequests.¹⁰⁸ Awarding grants to projects that would help educate the public about planned giving (especially the youth so that they can continue to give throughout their lifetime) will help.

¹⁰⁷ Interview with Nitta Eriko, July 27, 2015.

¹⁰⁸ Uo Masataka, "Tsugi no sedai no kodomotachi no tameni," 8.

US-Japan Exchange and Nonprofits

Japanese nonprofits can especially benefit from grants that provide institutional support, contribute to human resource development, and enhance organizational learning. US-Japan exchange in various forms (organization of conferences and forums, Japanese NPO leaders attending professional association meetings in the United States in their areas of expertise, Japanese NPO leaders doing internships in US NPOs or studying at US universities, American and Japanese NPOs conducting joint research, American experts coming to Japan to deliver lectures, and the reverse, and so on) can help advance Japanese NPOs' institutional development, and the 2020 Olympics could provide a golden opportunity. US.-Japan exchange that provides practical learning opportunities in the United States for young leaders (e.g. internship in American NPOs, studying in American universities) will be particularly helpful.¹⁰⁹ The Japan Foundation Center for Global Partnership used to award "NGO fellowships" but these were discontinued in 2007. Given the shortage of professional staff in Japanese NPOs, support for practical learning in the United States would ideally include support for the NPOs that must do without the staff for a given period of time. Perhaps existing fellowships such as CFR's "International Affairs Fellowship in Japan" could be expanded to include NPOs among their cooperating Japanese institutions. According to several interviewees for this report, it is important to create a mechanism to share what participants in US-Japan exchange learned, what

¹⁰⁹ Interview with Yoshikawa Rieko, July 29, 2015. Kishimoto Sachiko (interview, July 31) agrees that exchange that allows Japanese NPO leaders to obtain practical experience in the United States will be valuable.

they did with the new knowledge and what kind of impact their actions had on NPO activities and communities they work in.¹¹⁰

Many Japanese organizations are experienced at learning from the US model, but it is fairly uncommon for US organizations to look to Japan for lessons. Japan's neighborhood associations are an organizational form that scholars have argued contributes to governance, yet which are relatively unknown in the United States.¹¹¹ Neighborhood associations could provide a good opportunity for learning to become a two-way street.

There may be other ways for US and Japanese nonprofits to cooperate. Private donations are increasingly made internationally (as in the case of international donations in response to 3.11) and corporate CSR projects are increasingly global. An interviewee for this report believes that in this context it is important for Japanese and American NPOs to jointly establish an online mechanism for global (or pacific-rim) philanthropy, so that people and groups can donate directly to NPOs and their projects. This mechanism, if established during normal times, would be extremely helpful in times of emergencies (large earthquakes in southern California and Tokyo, for example, are likely to occur at some point in the future). At the time of 3.11 such mechanism to facilitate international donations did not exist, and personal relationships and trust by reputation often made things move forward. The interviewee suggested this kind of joint project will take the US-Japan exchange to the next level, from "doing exchange" or learning from each other to "creating a system together."¹¹²

¹¹⁰ Interviews with Nitta Eriko and Uematsu Yūko, both on July 27, 2015. Interview with Yoshida Kyōko, July 16, 2015, revealed the importance of creating a mechanism to allow art residency alumni to share their experience.

¹¹¹ See Robert Pekkanen, Yutaka Tsujinaka, and Hidehiro Yamamoto, 2014, *Neighborhood Associations and Local Governance in Japan*, London and New York: Palgrave Macmillan.

¹¹² Interview with Kishimoto Sachiko, July 31, 2015.

A JCIE report says that there is “limited number of Japanese NGO staff with strong English abilities.”¹¹³ A NPO expert interviewed for this report also said that she had to help find a Japanese expert who could discuss and debate NPO issues in English at an international venue and this was a difficult task.¹¹⁴ It is important to remember that a large amount of time and energy is necessary for many Japanese NPOs to engage in international exchange. Offering support to improve the English ability of the next generation of NPO leaders through practical experience in the United States seems helpful. In addition, to overcome challenges in communication today, providing funding for interpreters during exchange events and for editors/translators when NPO staff must write reports in English, among other measures, seems helpful.

¹¹³ Japan Center for International Exchange, “Strengthening US-Japan NGO Partnerships on Humanitarian Responses,” 17.

¹¹⁴ Interview with Yoshikawa Rieko, July 29, 2015.

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People Interviewed

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Matsumoto Kenji	Director, Planning Section, Arts and Culture Department, The Japan Foundation
Nitta Eriko	Secretary-General, Japan NPO Center
Ogiwara Yasuko	Secretary-General, Association for Corporate Support of the Arts
Sota Shūji	Professor, Atomi University, Faculty of Management
Uematsu Yūko	Executive Director and Chair of the Board of Directors, Explat
Yoshida Kyōko	Executive Director, U.S.-Japan Cultural Trade Network
Yoshikawa Rieko	Advisor (Former Secretary-General), NPO Support Center
Representative	International House of Japan
Representative	Japan Foundation for Regional Art Activities