

Research on the source of strength of Western NGOs

- Society or system?

Abstract

1. Forward

In Japan, NGOs have been supported by the Ministry of Foreign Affairs (MOFA), which has recognized the importance of NGOs in implementing official development assistance (ODA). However, Japanese NGOs are small in size compared to those in the US and the UK, and their influence and recognition in the society, which are vital for effective fundraising, are limited. This research studied and analyzed the background of US and UK NGOs increasing their influence from the aspects of history, social background and system as well as NGOs' efforts to strengthen their own organizations in comparison to those of Japan.

2. US

Development of US NGOs is influenced by two aspects of US society; charity sprits based on strong civil society and "small government", and ideas of global citizenship derived from religious and historical background. The number of nonprofit organizations, which are exempted from some taxes under Internal Revenue Code 501 (c) (3), is about 960,000, and about 7,000 organizations operate in international development sector in 2008.

The basic structure of the US ODA was formed when the Foreign Assistance Act was enacted and the United States Agency for International Development (USAID) was established in 1961. USAID plays an important role in supporting Private Voluntary Organization (PVO), which are registered with USAID and qualified as USAID grantees. They are also recognized as important partners for USAID, implementing projects in developing countries.

Characteristic support schemes for PVOs are Development Grant Program and Capable Partners Program. Development Grant Program provides opportunities to be granted to PVOs which have limited experience in USAID grant programs. Capable Partners Program contributes to strengthening organizational and technical capability of PVOs.

Donation market in the US is remarkably large. Amount of donation in 2009 reached over 3 billion US dollars, 75% of which came from individuals. Fundraising in the US has a long history of development, which fostered professionalism of fundraising. Active fundraising activities in NGOs involve

detailed market analysis with fundraisers and fundraising consultants.

Supporting organizations, such as NGO associations and fundraising organizations, have contributed to the rise of NGO sector in the US, together with efforts for organizational improvement in each NGO. These organizations also help NGOs to strengthen organizational basis and improve accountability and operational skills.

3. UK

In the UK, organizations existing between the family and the state are called Civil Society Organisations (CSOs). CSOs originated from poverty relief efforts by churches and have developed through a variety of civic movements and relief efforts for war-affected people throughout the history. In the backdrop of their development, there have been strong supports from civil society and national character of seeking catharsis and justice as well as religious factors. The fact that British society is more outward-looking and international because of its historical expansion of its territory also has contributed to the development of CSOs in international development sector.

Among CSOs, those that benefit the public in a charitable way are called charities. As of the end of December, 2010, some 160,000 charities are registered with the Charity Commission. Some 370 organizations are now members of Bond, an association of CSOs in international development sector. Charities can benefit from the deduction of corporate tax and other taxes.

Department for International Development (DFID) is responsible for all aspects of British ODA, which is separated from other foreign policies and completely untied. DFID provides funds to CSOs, recognizing CSOs as their partners to achieve their goals of poverty reduction. One of the most characteristic schemes is Programme Partnership Arrangements (PPAs), in which DFID provides some amount of unrestricted fund to CSOs based on strategic agreements between DFID and the CSOs.

British donation market is mature, even compared to the other European countries, and about one third of donation in the charity sector comes from individuals. About 15 to 25% of donors give to overseas causes. Preferential taxation systems for donors make it easier for individuals to donate for charitable causes.

In the UK, second-tier organizations, such as Bond and the Institute of Fundraising, also support CSOs in various ways. CSOs make use of these

supports and raise money or conduct PR activities, which are customized to different targeted groups. Some of larger CSOs are also making great efforts to develop capacity within their organizations.

4. Japan

In early times, charitable activities were carried out based on Buddhist spirits. Yet, as such activities were often oppressed by the Government, they have never flourished until some time after the end of World War II. Another reason why the nonprofit sector did not flourish in Japan earlier was that, unlike in Western States, it did not play the role as the provider of welfare and so forth, because the Government provided such services. As a result, the history of Japanese NGOs in the field of international development only dates back to 1960s.

In Japan, the number of nonprofit organizations that registered as specified nonprofit corporation under the Act on Promotion of Specified Non-profit Activities amounts to more than 40,000. Although, it should be noted that the Act was enacted only in 1998, which means that there are many nonprofits that have chosen to acquire legal status other than specified nonprofit corporation. It is said that there are some 400 international development NGOs.

MOFA's International Cooperation Bureau comprehensively plans and drafts policies relating to the ODA, while also playing a central role in coordination in the Government. Since the creation of new Japanese International Cooperation Agency (JICA) under the new JICA Act in 2008, it comprehensively implements the three aid modalities (i.e. technical cooperation, grant aid, and ODA loan).

When it started, Japanese ODA was provided in tandem with post-World War II reparations. Currently, under the new ODA Charter, poverty reduction, sustainable growth, addressing global issues, and peace-building are regarded as priority issues. Also, under the recognition of the importance of NGOs, the Government is collaborating with NGOs through various measures, including financial cooperation for NGO aid activities, assistance for capacity development, and promotion of dialogue.

Japanese donation market is still smaller compared to those of the US and the UK. The market size for individual giving and that for corporate giving are estimated as 544.5 billion Yen and 494 billion Yen, respectively. One of the characteristics of Japanese donation market is the small proportion of individual giving, the main reason of which can be attributed to the donation tax scheme.

Although recent years have seen a surge in interest in fundraising activities, it is still at its early stage. Followings can be mentioned as challenges for Japanese fundraising: 1) People usually do not think of NGOs when choosing which organizations to donate to; 2) Public support systems for nonprofits, such as postage discount for such organizations, are undeveloped, 3) NGO associations and advocacy NGOs often have hard time in fundraising because their activities are not well recognized; and 4) It is necessary to give NGOs the incentive to invest in fundraising.

5. Conclusion

Development of US and UK nonprofit organizations, including NGOs working in international development, have been influenced by historical and religious backgrounds and backed by strong supports from civil society, which is independent of the government. There is also mature giving culture behind their developments.

In terms of governmental supports, USAID has similar support schemes to those of Japan in that they provide funds as well as non-financial supports for capacity development, although the amount of US government funds is very large. The UK has a characteristic unrestricted fund scheme, PPAs, which is based on strategic agreements between DFID and CSOs.

Preferential taxation systems also support NGOs indirectly. In Japan, because it is difficult to meet conditions for preferential tax scheme for donation, the number of NGOs entitled to charity taxation is much smaller, compared to the US. In the UK, there are well established systems which enable individuals to continue charitable giving.

Lastly, in order for Japanese NGOs working in international development to further develop, it is important for NGOs themselves to strengthen their organizational basis through fundraising and PR among others. US and UK NGOs make efforts to strengthen their organizational basis by employing human resources with skills and experiences and using various methods of fundraising and PR. There are also membership bodies of NGOs and fundraising supporting organizations to help their activities. Therefore, in order for Japanese NGOs working in international development to further develop, it is important to secure good human resources, develop their capacities and build up NGOs supporting organizations. Active dialogues between the government, NGOs and NGOs supporting organizations will play a significant role to this end.