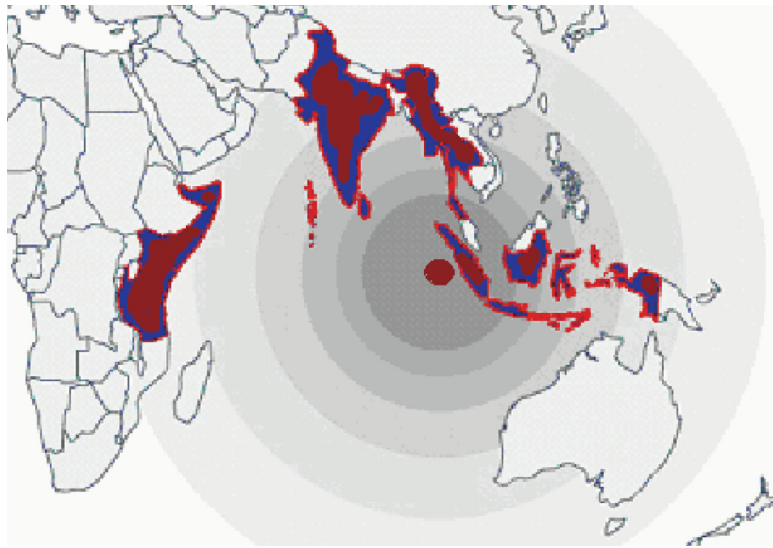


Tsunami Evaluation Coalition (TEC)

The International Community's Funding of the Tsunami Emergency and Relief



NGO Funding

Japan

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Glm

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ABBREVIATIONS

AAR	Association for Aid and Relief, Japan
BAJ	Bridge Asia Japan
COOP	Seikatsu Club Consumers Co-operative Union
FY	Financial Year
ICRC	International Committee of the Red Cross
IDP	Internally displaced people
IFRC	International Federation of Red Cross
JANIC	Japan NGO Center for International Cooperation
JBIC	Japan Bank for International Cooperation
JCCP	Japan Center for Conflict Prevention
JICA	Japan International Cooperation Agency
JMC	Japan Managing Committee
JPF	Japan Platform
JRCS	Japanese Red Cross Society
JVC	Japan International Volunteer Center
KnK	Kokkyo naki Kodomotachi (Children without Borders)
MOFA	Ministry of Foreign Affairs
MOFA grant	Grant Assistance for Japanese NGO Projects
NGO	Non Governmental Organisation
NHK	Nippon Housou Kyokai (Japan's State TV and Radio Broadcaster)
PWJ	Peace Winds Japan
SCJ	Save the Children Japan
TEC	Tsunami Evaluation Coalition
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Funds

UNIT

1 US \$ = 107.2 Japanese Yen

(Average Monthly Dollar Exchange Rates for
DAC Members 2005- 1 January to 31 August)

1 Introduction

1-1 Study Background

The Tsunami Evaluation Coalition (TEC) was constituted in February 2005, tasked to evaluate the international response to the Sumatran Earthquake and Tsunami Disaster. The TEC is undertaking six thematic evaluations¹, one of which is the *Funding Study* that aims to grasp the overall funding flow from the various governments, UN agencies and NGOs to the disaster affected areas. This study has been conducted as part of the *Funding Study*, and focuses on the funding provided through NGOs in Japan in response to the Tsunami catastrophe. This report will be integrated into a synthesis report of the *Funding Study*.

1-2 Study Objectives

This study focuses on the following objectives:

1. To get an overview of the flow of funds to and from NGOs in Japan
2. To analyse the fund management mechanisms of NGOs in Japan

1-3 Study Questions

Under the above objectives, several study questions are listed below:

- 1) How much has been raised by NGOs?
- 2) What has been the proportion of government and private funding? How important have corporate donations been?
- 3) How have the funds been allocated among countries, sectors, and in terms of the overall response timeframe?
- 4) What are the relationships between their competence, presence and appeals on the one hand, and funding flows and spending on the other?
- 5) How did NGOs cope with the financial overload, if any?
- 6) Has the Tsunami response had any effects on the supporting bases and other operations of NGOs?
- 7) How was the overall programming driven? (Need to spend or need to be effective?)

1-4 Study Methodologies

The following methods have been adopted in order to cover the seven study questions listed above.

Literature Review

Past studies, journal articles, and documents produced by governments and NGOs were reviewed in order to get an overall picture of the NGO funding by Japan for the Tsunami response.

Case Studies of 10 NGOs

Ten (10) NGOs were selected for case studies to illustrate the different fund management mechanisms of NGOs. The criteria for selecting the NGOs included the size of funds raised, funding sources, the focus of activities and their prior presence in

¹ The six themes are: 1) Funding; 2) Coordination; 3) Needs assessment; 4) Impact on local and national capacities; 5) Linking relief, rehabilitation and development; and 6) Impact assessment.

the affected areas. A questionnaire was prepared and interviews were conducted for each of the selected NGOs at their headquarters.

Interviews with Key Informants

Key informants of other organisations were interviewed to get various perspectives regarding the Tsunami response by NGOs. These organisations include: the Japan Ministry of Foreign Affairs (MOFA) as well as channelling and coordinating bodies of NGOs.

1-5 Structure of the Report

Based on the common reporting format proposed by the TEC, this report consists of seven sections. Following the introduction provided in Section 1, Section 2 provides the general description of NGO funding for the Tsunami. Findings from the case studies of 10 NGOs are summarised in Sections 3 through 6. Section 3 explains the sources and allocation of funds, and Sections 4 to 6 illustrate the fund management mechanisms. The conclusions and lessons learnt drawn from the analyses are presented in Section 7.

1-6 Limitation of Data

There was a data limitation regarding the total *private funds* raised and spent by all of the NGOs that responded to the Tsunami. Therefore, analyses on the budget sources and expenditure are mainly based on the 10 NGOs selected as the case studies.

1-7 Study Management Structure

The Japan Country Studies on the ODA and NGO Funding Responses were commissioned by the Japan Managing Committee (JMC), which is composed by representatives of the MOFA, Japan International Cooperation Agency (JICA), and Japan Bank for International Cooperation (JBIC). The studies are financed by JICA, which contracted consultants, and assumes the responsibility as the secretariat of the JMC.

The studies were being carried out, and were prepared by the Evaluation Team, consultants from Global Link Management, Inc., in collaboration with the JMC, the divisions of the Economic Cooperation Bureau of the MOFA and Japanese NGOs that have been involved in the Tsunami assistance. The list of the core members of the JMC and the Evaluation Team is provided in **Annex 1**.

2 General Description of NGO Context in the Country

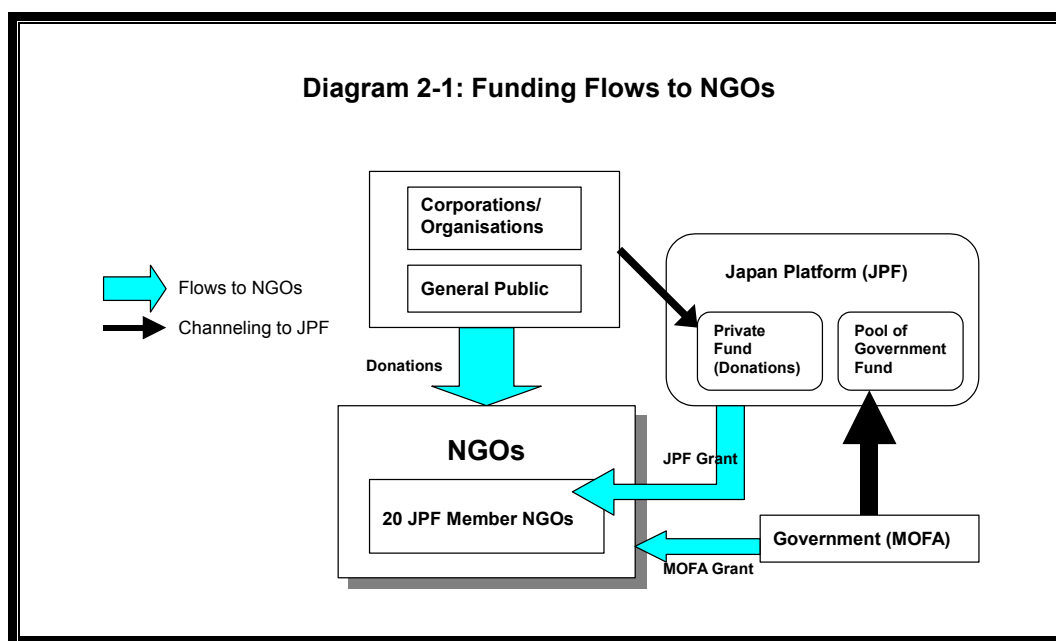
At least around 15 billion yen (US\$ 140 million) has been raised by NGOs in Japan² for the Tsunami response. Various NGOs actively participated in the Tsunami assistance with private and government funds they raised.

2-1 Types of Funds Available for the Tsunami Response

(1) Mechanism of Funding Flows to NGOs

As shown in **Diagram 2-1**, there are different funding sources available for NGOs in Japan in times of disaster response. Aside from the private funds (donations) from corporations/ organisations³ and the general public, there are mainly two ways in which NGOs receive funds for disaster response. One way is to receive grants from the Japan Platform (JPF), a channelling organisation. Another way is to receive funding through a scheme called *the Grant Assistance for Japanese NGO Projects*, operated by the MOFA (hereafter referred to as *the MOFA grant*). These funding sources were fully utilised for the Tsunami response.

The JPF is a unique fund channelling mechanism for NGOs. It provides grants utilising the pooled funds financed by the MOFA (government funds) and the donations (private funds). It was established in 2000 aiming to provide quick emergency relief through collaboration among NGOs, the government and the private sector. The JPF provides grants to 20 member NGOs that are eligible for submitting proposals. On the other hand, the MOFA grant is open to any NGO in Japan.



(2) Types of Funds for Different Phases

As shown in **Diagram 2-2**, the above-mentioned funding sources covered the different phases of Tsunami response. Donations provided directly from the public to each NGO

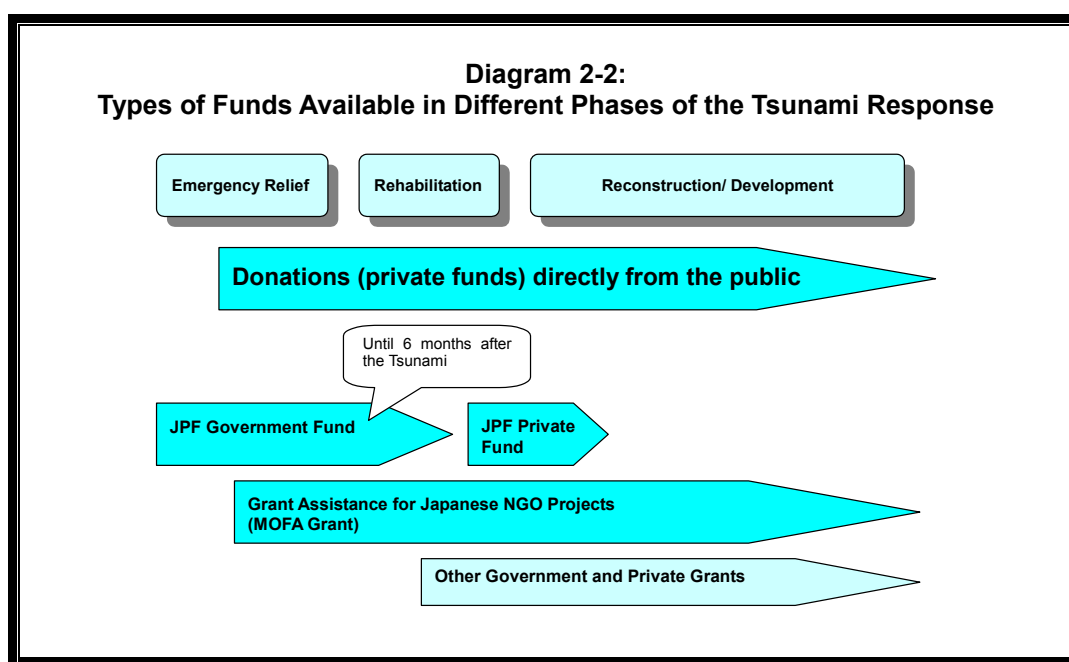
² Generally speaking, NGOs in Japan are still in the stage of their development. Unlike in the US and Europe, most NGOs face the chronic insufficiency of budget. The limitation of preferential tax system is considered as part of the unfavourable environment for NGOs to raise funds from the public.

(A. Akio (2003) "Feature of Japanese NGOs" in JICA (ed.) *Exploring the Partnership with NGOs.*)

³ "Organisations" include cooperatives and philanthropy organisations.

were utilised through all the phases of the Tsunami response. Meanwhile, the JPF government fund was scheduled to finance projects within 6 months following the Tsunami, and the fund's purpose was mainly for emergency relief. The JPF private fund, on the other hand, was intended to finance projects mainly during the rehabilitation phase, and was expected to bridge the emergency and reconstruction phase.

The MOFA grant is usually made available for rehabilitation and reconstruction phases. For the Tsunami response, the swifter approval of the MOFA grant was especially helpful for the non-JPF members (i.e., NGOs not eligible for JPF), as it allowed them to secure funds to start their activities as early as January through March. For the later phases, other government and private grants⁴ are usually available, but those funds are not yet utilised for the Tsunami reconstruction.



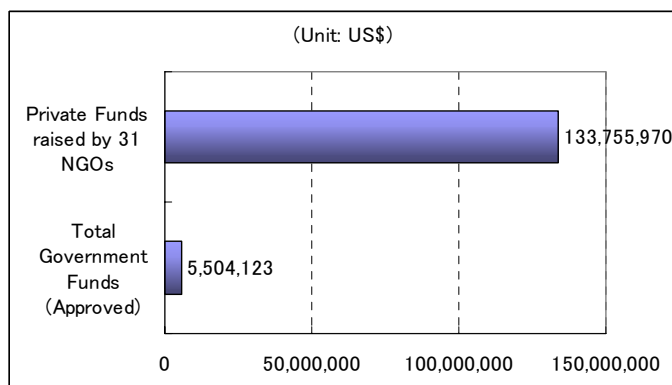
2-2 General Description of Funding

Out of the above-mentioned funds, the total approved amount of **government funds is around 590 million yen (US\$ 5.5 million)**. Regarding the private funds, on the other hand, it is difficult to grasp the total amount. However, **private funds raised by selected 31 NGOs are estimated around 14.3 billion yen (US\$ 134 million)**, based on the data collected by the Japan NGO Center for International Cooperation (JANIC)⁵ on 16 May 2005, and on the additional information collected by the author in September 2005. It can be concluded that the amount of **private funds are at least more than 24 times the amount of the total government funds (Diagram 2-3)**.

⁴ Other grants include: JICA Partnership Program, funds administered by other ministries and international organisations, and those of private foundations.

⁵ A networking NGO that coordinates NGOs in Japan

Diagram 2-3: NGO Funding in Japan by Source (as of 31 August 2005)



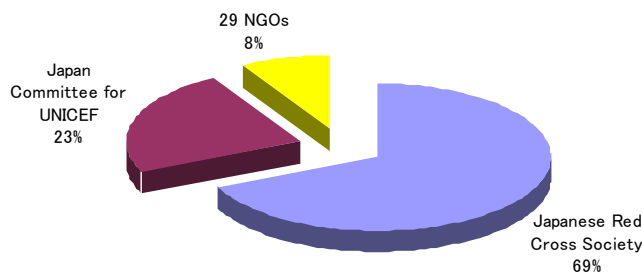
(Source) Table 2-1 and 2-2

(3) Share of Private Funding

The JANIC have kept the record of private funds (donations) raised by the 31 NGOs from January to May 2005, and only the total figures are disclosed to the public on their website. The JANIC selected those 31 NGOs, because they found through their information network that those are the NGOs that sent their staff to the affected areas for the Tsunami response. While the number does not seem to cover *all* such NGOs, the data is considered more or less sufficient to provide an overview of the NGO funding in Japan.

Diagram 2-4 illustrates the share of private funding among the 31 NGOs. 69% out of the total amount were donated to the Japanese Red Cross Society (JRCS), while another 23% went to the Japan Committee for UNICEF (the UNICEF Committee). **The remaining 29 NGOs received only 8%.** One reason for such an unequal distribution could be that the JRCS and the UNICEF Committee are both better known than the other NGOs because of their frequent exposures to the media, and of their long history in Japan. This issue will be discussed further in Section 4.

**Diagram 2-4:
Share of Private Funds raised by 31 NGOs (as of 31 August 2005)**



(Source) Table 2-1

(Note) 29 NGOs include JPF that has 2% share of the above chart.

(4) Time Trend (Chronology) of Private Funding

Diagram 2-5 and **Table 2-1** illustrate the change in the amount of private funds raised by the 31 NGOs from January to August 2005. A large inflow was observed during the months of February and March, followed by a steady but moderate increase in the following months. This seems to reflect the time lag between the appeals made by NGOs, mostly in December or January, and the actual fund inflows, since corporations and organisations took time to collect funds from their members before transferring them to NGOs.

Diagram 2-5:
Private Funding for 31 NGOs, January to August 2005

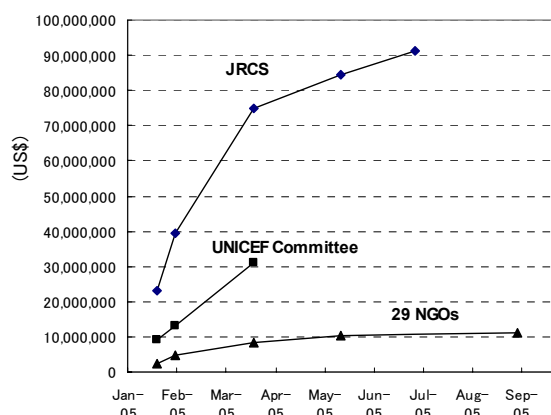


Table 2-1: Private Funding for 31 NGOs, January to August 2005

(Unit: US \$)

	2005.1.24	2005.2.4	2005.3.24	2005.5.16	2005.8.31
JRCS ^(Note 1)	23,227,612	39,524,254	74,888,060	84,542,910	91,352,612
UNICEF Committee ^(Note 2)	9,328,358	13,059,701	25,093,284	31,203,358	31,203,358
29 NGOs ^(Note 3)	2,293,491	4,941,041	8,221,552	10,173,695	11,200,000
TOTAL	34,849,461	57,524,996	108,202,895	122,701,680	133,755,970

(Source) JANIC, for the data from January to May 2005. Data for August 2005 were added by the author.

(Note 1) The data of the JRCS in August is the confirmed amount as of 30 June.

(Note 2) The data of the UNICEF Committee in May and August is the confirmed amount as of 31 March.

(Note 3) The August 2005 figure for the 29 NGOs is an estimate based on the May - August data collected from 4 NGOs (Approx. 10% increase has been estimated).

(5) Government Funding

Table 2-2 shows the allocation of total government funds by countries and NGOs. In total, 590 million yen (US\$ 5.5 million) was disbursed to 17 NGOs⁶. Out of the total amount, 492 million yen (US\$ 4.6 million) was disbursed to 10 NGOs from the JPF government fund, and 98 million yen (US\$ 0.9 million) was disbursed to other 7 NGOs directly from the government under the MOFA grant. For both grants, the highest amount was allocated to Sri Lanka. One of the reasons for such allocation could be that disaster information about Aceh was limited at the very initial stage, and more NGOs opted for Sri Lanka for implementing the government-funded projects.

⁶ Among the 31 NGOs mentioned, 14 NGOs received the government funds.

Table 2-2: Allocation of Government Funds by Countries and NGOs

(Unit: US\$)

Types of Funds	Countries	Allocated Amount	Number of NGOs
JPF Government Fund	Sri Lanka	1,877,022	5
	Indonesia	916,700	2
	India	1,618,480	2
	Thailand	53,078	1
	(Monitoring by the JPF)	123,874	-
	Sub-total	4,589,153	10
MOFA Grant	Sri Lanka	545,482	3
	Indonesia	296,730	2
	India	72,758	2
	Sub-total	914,970	7
TOTAL		5,504,123	17

(Source) MOFA

2-3 Distribution of NGOs by Country and Sector

The allocation of total private and government funds by countries and sectors are not available. Instead, **Diagram 2-6** and **Diagram 2-7** illustrate the distribution of the 31 NGOs responding to the Tsunami. Two diagrams show that the **NGOs in Japan have been implementing their assistance in 4 countries in various sectors**, and through all the phases from emergency relief (e.g. distribution of non-food items and health) to reconstruction (e.g. livelihood restoration, preparedness and mitigation).

Diagram 2-6:
Distribution of NGOs by Country

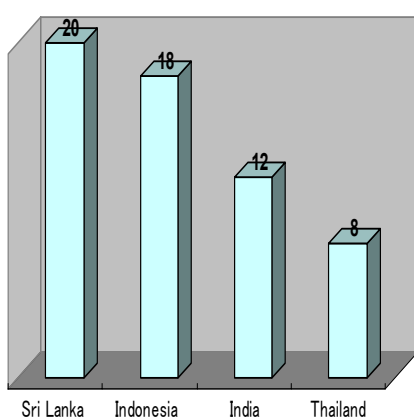
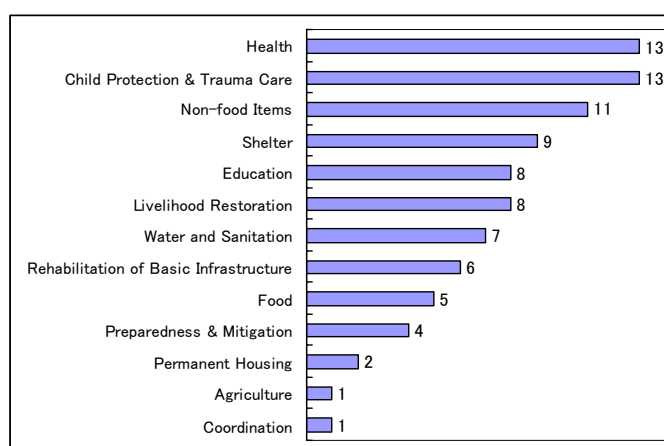


Diagram 2-7:
Distribution of NGOs by Sector



(Source) Calculated from the data on the JANIC Website

(Note) NGOs are counted more than twice when they implement their assistance in different countries and sectors.

3 Budget Sources and Allocations of Selected 10 NGOs

In Section 3, the sources, allocation and spending of funds are explained. Hereafter, analyses will be based on the case studies of 10 selected NGOs unless otherwise indicated.

3-1 Selection of NGOs

Table 3-1 lists the 10 NGOs selected for the case studies, with the raised and spent amount for the Tsunami response. In addition, **Table 3-2** shows the profile of the 10 NGOs with specialisations and their major fields of activities in response to the Tsunami.

The first and most important criterion for selecting the NGOs was the size of funds raised. Accordingly, the NGOs with the largest amount of funds were intended to be included, so that a large part of the overall funding can be covered. The Japanese Red Cross Society (JRCS) and the UNICEF Committee were selected considering that these two organisations acquired most part of the private funds. For other NGOs, out of 6 NGOs receiving the largest amount of government or private funds, 5 were selected on the basis of their willingness to be interviewed for the study. For comparison, 3 other NGOs with relatively small sizes of funds were selected. The sum of private funds raised by the 10 NGOs comprise **93% of the total private funds** raised by the 31 NGOs, while the **government funds** raised by the 10 NGOs comprise **42% of the total**.

Other items of the selection criteria included different funding sources, focus of activities and their prior presence in the target areas. Moreover, **NGOs specializing in emergency relief and development were both included in the list**, as they are assumed to play different roles in the Tsunami response.

Table 3-1: Amount Raised and Spent by the 10 NGOs (as of 31 August 2005)

(Unit: US\$)

Name of NGOs	Raised	Spent/Disbursed	Foreseen Timeframe
1. Japanese Red Cross Society ^(Note 1)	91,352,612	20,652,985	2010
2. UNICEF Committee ^(Note 2)	31,203,358	23,402,519	-
3. Peace Winds Japan	2,080,410	1,667,407	December-2006
4. Save the Children Japan	1,794,674	854,813	December-2009
5. Japan Center for Conflict Prevention	1,751,877	1,623,134	November-2005
6. Association for Aid and Relief, Japan	547,741	201,062	December-2006
7. Japan International Volunteer Center	500,960	325,624	March-2006
8. Bridge Asia Japan	174,435	151,700	December-2006
9. Kokkyo naki Kodomotachi	174,017	115,672	March-2006
10. SHARE	42,466	21,455	April-2006
TOTAL	129,622,549	49,016,371	-

(Note 1) Amount raised is as of the end of June. Amount spent is as of the end of September.

(Note 2) Data is as of the end of March 2005. US\$ 23,402,519 is the "disbursed amount" for UNICEF, which is excluding the expenses for fundraising and all other activities by the UNICEF Committee.

Table 3-2: Profile of the 10 Selected NGOs

	Name of NGO	Mandate/ Specialization	Tsunami Response Major Activities	Country (Region)	Grant	
					JPF	MOFA
1	Japanese Red Cross Society (JRCS)	<ul style="list-style-type: none"> - Emergency relief and reconstruction - Development 	<ul style="list-style-type: none"> • Medical care/ Health • Non-food item • Permanent housing • Preparedness • Education 	<ul style="list-style-type: none"> ■ Indonesia ■ Sri Lanka ■ Other affected countries (through ICRC/IFRC) 		
2	Japan Committee for UNICEF	<ul style="list-style-type: none"> - Fundraising and public relations for UNICEF 	-	-		
3	Peace Winds Japan (PWJ)	<ul style="list-style-type: none"> - Emergency relief and reconstruction in the areas of conflicts and disasters 	<ul style="list-style-type: none"> • Non-food item • Agriculture (Seeds, fertilizers, training) • Livelihood restoration • Water & sanitation 	<ul style="list-style-type: none"> ■ Indonesia (Aceh) 	✓	
4	Save the Children Japan (SCJ)	<ul style="list-style-type: none"> - Development and emergency relief focusing on the children 	<ul style="list-style-type: none"> • Livelihood restoration • Non-food item • Education • Child protection 	<ul style="list-style-type: none"> ■ Sri Lanka (Matara, Galle) ■ Indonesia (Aceh, Nias) 	✓	
5	Japan Center for Conflict Prevention (JCCP)	<ul style="list-style-type: none"> - Conflict prevention (Landmine action, training for disarmed ex-combatants) 	<ul style="list-style-type: none"> • Livelihood restoration • Rehabilitation of basic infrastructure • Shelter • Non-food item 	<ul style="list-style-type: none"> ■ Sri Lanka (Trincomalee Ampara) 	✓	
6	Association for Aid and Relief, Japan (AAR)	<ul style="list-style-type: none"> - Emergency relief - Assistance to disabled people - Landmine action 	<ul style="list-style-type: none"> • Livelihood restoration • Permanent housing • Non-food item 	<ul style="list-style-type: none"> ■ Sri Lanka (Galle) 	✓	
7	Japan International Volunteer Center (JVC)	<ul style="list-style-type: none"> - Development in various fields 	<ul style="list-style-type: none"> • Assistance through an NGO network • Child protection 	<ul style="list-style-type: none"> ■ Thailand (6 provinces in the South) 		
8	Bridge Asia Japan (BAJ)	<ul style="list-style-type: none"> - Development (Livelihood assistance to the internally displaced people) 	<ul style="list-style-type: none"> • Shelter • Repair of outboard motors • Livelihood restoration 	<ul style="list-style-type: none"> ■ Sri Lanka (Mullaitivu, Killinochchi, Ampara) 		✓
9	Kokkyo naki Kodomotachi (KnK: Children without Borders)	<ul style="list-style-type: none"> - Child protection and education 	<ul style="list-style-type: none"> • Child protection • Trauma care 	<ul style="list-style-type: none"> ■ Indonesia (Aceh) ■ India (Tamil Nadu) ■ Thailand (Phangnga) 		✓

10	SHARE	- Development in health	• Health education for Burmese people	■ Thailand (Phangnga)		
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3-2 Fund Sources, Allocation and Spending of the 10 NGOs

(6) Description by Origin

Diagram 3-1 shows the funding sources of the 10 NGOs. It is worth noting that **the contribution by corporations and organisations accounts for as much as 65% of the total amount.** **Table 3-3** shows the breakdown of fund raising and spending by sources. **Out of total funds, 38% is already spent** as of 31 August 2005. By source, 89% is spent for non-private sources, and 37% for private sources.

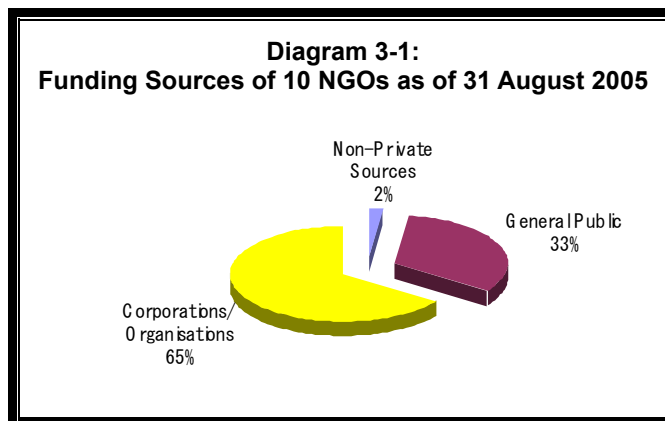


Table 3-3: Funding Sources and Spending Ratio of 10 NGOs (as of 31 August 2005)

(Unit: US\$)

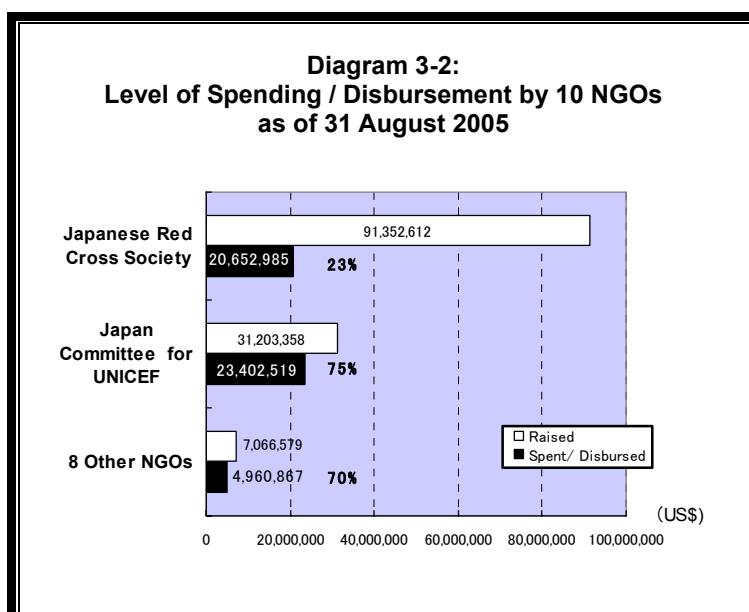
Origins		Raised	Spent	% (Raised/Spent)
Non-Private Sources	National	2,334,625	2,070,301	89%
	UN	39,087	36,759	94%
Private Sources ^(Note1)	General Public	42,493,906	n.a.	n.a.
	Corporations/ Organisations ^(Note2)	84,754,931	n.a.	n.a.
	Sub-total	127,248,837	46,909,311	37%
TOTAL		129,622,549	49,016,371	38%

(Note 1) For the JRCS and the UNICEF Committee, the ratio between "General public" and "Corporations/ Organisations" are the roughly estimated figures.

(Note 2) "Corporations/ Organisations" includes "JPF Private Fund" amounting to US\$ 1,662,155.

(7) Level of Spending

As mentioned above, out of the total funds, 38% is already spent. However, the level of spending differs between two large NGOs, namely the JRCS and the UNICEF Committee, and the other 8 NGOs (See **Diagram 3-2**). **The JRCS** had prepared a medium and long-term reconstruction plan for the period up to the year 2010, and according to the plan, **has spent 23%** of the total amount (all from



private sources). Meanwhile, **the UNICEF Committee disbursed 75%** of the fund raised (all from private sources) to UNICEF and, in accordance to their own regulations, has allocated the remaining 25% to cover the expenses for fundraising including direct mails and advertisement, and all other activities. Finally, **8 other NGOs have spent 70%** of the fund raised from both private and non-private sources.

(8) Description by Destination (Countries and sectors)

Table 3-4 shows the allocation and spending of funds by country and sector. Since the share of the JRCS and the UNICEF Committee out of the total funds raised is large, the destination pattern reflects that of those 2 organisations.

Table 3-4: Allocation and Spending of Funds by 10 NGOs (As of 31 August 2005)

(Unit: US\$)					
Country	Sector	Allocated	Spent or Disbursed	To be Spent	Spent/Allocated
Sri Lanka	Permanent housing	15,282,372	329,835	14,952,537	2%
	Non-food items	4,587,864	3,620,140	967,724	79%
	Health	3,962,929	0	3,962,929	0%
	Preparedness	1,352,612	0	1,352,612	0%
	Education	1,305,970	0	1,305,970	0%
	Livelihood restoration	930,835	752,431	178,404	81%
	Rehabilitation of basic infra	758,591	623,853	134,738	82%
	Shelter	397,201	390,369	6,832	98%
	Food	224,111	224,111	0	100%
	Water and Sanitation	105,864	101,465	4,399	96%
	Needs assessment	17,890	17,890	0	100%
	TOTAL	28,926,238	6,060,093	22,866,145	21%
Indonesia	Permanent housing	11,726,362	0	11,726,362	0%
	Preparedness	8,830,047	0	8,830,047	0%
	Non-food items	8,442,127	7,596,651	845,476	90%
	Health	7,813,479	2,537,313	5,276,166	32%
	Education	6,781,686	251,835	6,529,851	4%
	Agriculture	647,110	205,989	441,120	32%
	Child protection & trauma care	291,333	255,625	35,708	88%
	Needs assessment	130,690	130,690	0	100%
	Livelihood restoration	77,495	18,320	59,175	24%
	Water and Sanitation	63,396	54,398	8,998	86%
	Rehabilitation of basic infra	37,313	0	37,313	0%
	Food	19,794	19,794	0	100%
	TOTAL	44,860,831	11,070,616	33,790,215	25%
Thailand	Shelter	115,912	72,078	43,834	62%
	Livelihood restoration	115,912	72,078	43,834	62%
	Rehabilitation of basic infra	115,912	72,078	43,834	62%
	Coordination	115,912	72,078	43,834	62%
	Child protection & trauma care	49,495	45,410	4,084	92%
	Health	21,455	21,455	0	100%
	TOTAL	534,596	355,176	179,420	66%
India	Child protection & trauma care	55,338	36,784	18,554	66%
	TOTAL	55,338	36,784	18,554	66%
Sri Lanka or Indonesia	Livelihood restoration	939,860	0	939,860	0%
	TOTAL	939,860	0	939,860	0%
Countries Unspecified	Disbursement to UNICEF	23,402,519	23,402,519	0	100%
	Disbursement to ICRC/ IFRC	9,958,004	7,695,896	2,262,108	77%
	Preparedness in Asia Pacific	4,477,612	0	4,477,612	0%
	TOTAL	37,838,134	31,098,414	6,739,720	82%
Grand TOTAL		113,154,998	48,621,083	64,533,915	43%

(Note 1) The total amount spent in this table is not equal to that of Table 3-3, since it excludes some of the administration and personnel expenses.

(Note 2) For the NGOs without the data breakdown by sector, the author calculated the average amount by dividing the total amount by the number of sectors. (Out of the US\$ 75.3 million allocated to countries, such amount is equivalent to 1%.)

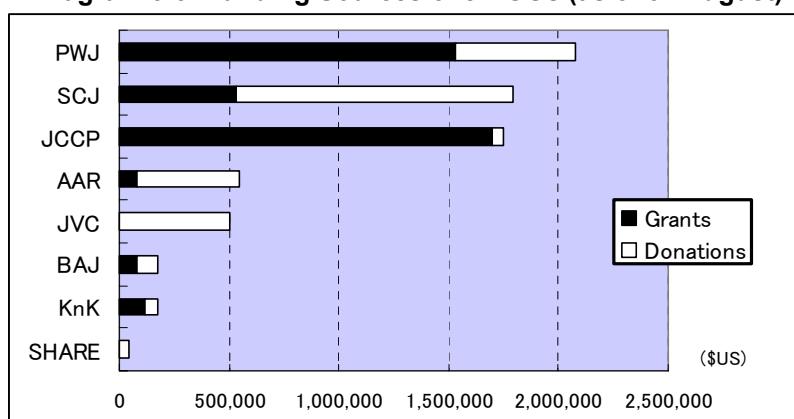
(Note 3) Funds disbursed to the ICRC/ IFRC will be allocated to countries under the agreement with the JRCS.

Out of the total of **US\$ 113.2 million allocated**, US\$ 44.9 million, the largest portion, was allocated to Indonesia, followed by US\$ 28.9 million to Sri Lanka. Out of the **US\$ 48.6 million spent or disbursed**, US\$ 23.4 million and US\$ 7.7 million were disbursed to UNICEF and to the ICRC/IFRC respectively. Looking at the sectors of the remaining US\$ 17.5 million, the largest portion, US\$ 11.2 million, went to “non-food items” followed by US\$ 2.5 million to “health” sector. On the other hand, out of the **US\$ 64.5 million to be spent**, US\$ 26.7 million, the largest portion, is to be utilised for “permanent housing”, followed by US\$ 14.7 million to “preparedness”.

(9) Different Spending Timeframe between Grants and Donations

The study has found that there tends to be different timeframes for spending grants and donations. **Diagram 3-3** and **3-4** show the funding and spending patterns of the 8 NGOs (the JRCS and the UNICEF Committee are excluded since they usually raise only donations). An interesting pattern can be found by comparing the funding sources and the timeframe of spending. **The spending ratio tends to be high in organisations that have a high ratio of grants.** (The ratio of spending to the total amount of donations was 44%, while that of grants was as high as 90%.)

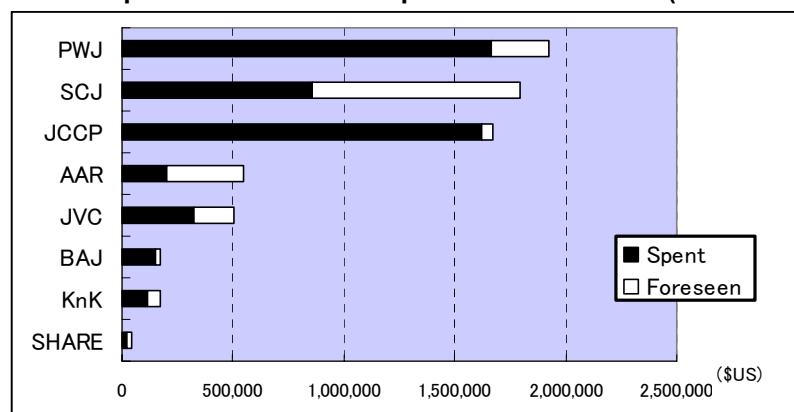
Diagram 3-3: Funding Sources of 8 NGOs (as of 31 August)



(Note) There are 3 types of grants:

- 1) JPF grants (3,834 thousand US\$)
- 2) MOFA grants (163 thousand US\$)
- 3) UNICEF and UNHCR (39 thousand US\$)

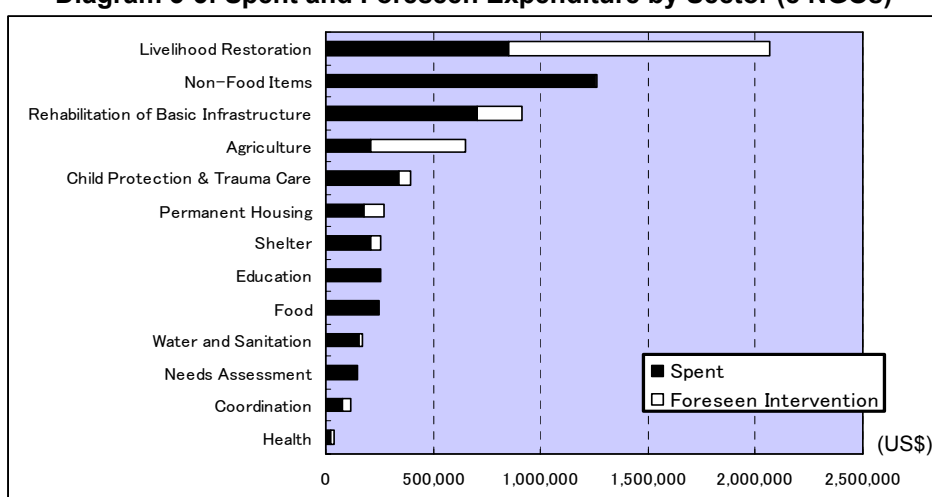
Diagram 3-4: Spent and Foreseen Expenditure of 8 NGOs (as of 31 August)



This could be attributed to the nature of the funding sources. In case of grants, the budget is usually approved on a relatively short-term project basis⁷, hence the fund must be spent within a set timeframe or otherwise has to be returned. On the other hand, donations can be used more flexibly over a longer time period, although the usage is still confined to Tsunami response purposes.

The main sectors in which the 8 NGOs are engaged also affect the spending timeframe. As shown in **Diagram 3-5**, reconstruction activities, such as livelihood restoration, rehabilitation of basic infrastructure and permanent housing require a longer timeframe. In contrast, the distribution of food/ non-food items and other activities in the emergency relief phase are expected to be implemented swiftly, and in fact most such spending has been completed. **NGOs that have some unspent funds from donation intend to use them in a longer time span** (See **Table 3-1** for “Foreseen Timeframe”), since there is much to be done in the coming years to restore the people’s livelihoods.

Diagram 3-5: Spent and Foreseen Expenditure by Sector (8 NGOs)



(10) Comparison with the Previous Years

When the funding of the Tsunami response is compared with the funding of previous years, its dimension and patterns varied. For example, **the total amount of funds raised by the 10 NGOs for the Tsunami was as large as 66% of the 10 NGOs’ total international cooperation-related expenditure in FY 2003**. Looking at each of the 10 NGOs, however, such a ratio differed considerably from 6% to more than 300%.

Furthermore, if the pattern of funding sources of the Tsunami response is compared with that of the NGOs’ usual activities, the proportion of donation tends to be larger. For example, the proportion of donation for the SCJ in FY 2004 was 46%, which increased to 70% for the Tsunami response. Similarly, of the proportion of donation for the JVC was 24% in FY 2004, which increased to 100% for the Tsunami response. It seems that this variation away from the usual pattern of funding sources reflects: 1) the

⁷ For the JPF grant, there are two phases in the Tsunami operation. The first phase of the project period was scheduled within 45 days, while the second phase of the project period was set within 120 days. For the MOFA grant, the project period was set between 6 to 12 months after the approval.

large response to the Tsunami appeal from the public⁸, and 2) the difference in the funding source pattern between disaster response and development.

4 Fundraising and Crisis Response Policy

4-1 Fundraising Policy and Response to Appeals

Although a large amount of funds were raised in response to the Tsunami in total, the patterns of fundraising differed between the JRCS and the UNICEF Committee, and the other 8 NGOs.

(11) Fundraising Policy (Types of funds raised)

Out of the 10 NGOs, the JRCS and the UNICEF Committee raised a large amount of donations like in other cases of disaster response. On the contrary, for the other 8 NGOs, whether or not receiving the JPF or the MOFA grant was an important decision, since it can determine the activities, timeframe and implementing schemes of the assistance. The NGOs selected the types of funds to be accessed, taking into consideration the advantages and challenges of utilising grants and donations (See Table 4-1).

Table 4-1: Advantages and Challenges of Different Funds Pointed by NGOs

	Grants	Donations
Advantages	<ul style="list-style-type: none"> ✓ Increase the mobility of NGOs especially in initial investigation and during the initial phase of the emergency relief ✓ Provide opportunities to NGOs that receive limited amount of donations to utilise their expertise ✓ Enable NGOs to begin their planning at an early stage 	<ul style="list-style-type: none"> ✓ Allow more flexibility in terms of timeframe and activities ✓ Enable NGOs to channel their funds to local NGOs
Challenges	<ul style="list-style-type: none"> ✓ Require NGOs to manage the funds appropriately within a set timeframe and for a specific purpose ✓ Detailed budgetary planning and reporting are required ✓ Require NGOs to have an exit strategy after the termination of the project period 	<ul style="list-style-type: none"> ✓ Difficult for NGOs to plan their activities in the initial phase, since the budget (i.e., the amount that would be raised) cannot be estimated at an early stage

Among the 8 NGOs, 4 NGOs received the JPF grant, while 2 received the MOFA grant. The other 2 NGOs, namely the JVC and the SHARE, raised all of their funds through donations, and hence they had the liberty to channel their funds to the local NGOs to implement *their* activities.

(12) Fundraising Appeals to the Public

Regarding fundraising appeals to the public, none of the NGOs had a special strategy for the Tsunami response. In other words, they did what they usually do. As usual, large

⁸ In the case of the PWJ, the portion of donation was 10 % for the Iranian Earthquake, which increased to 26% for the Tsunami.

NGOs utilised the mass media and coordinated with corporations, and medium-scale NGOs published press releases to newspapers. On the other hand, small-scale NGOs did not have means other than making appeals through their websites or sending letters to their supporters.

A noticeable aspect is that **only 2 NGOs, namely the JRCS and the UNICEF Committee, made appeals through the television.** The Nippon Housou Kyokai (NHK), a state broadcasting organisation, has been collaborating exclusively with the JRCS for fundraising appeals for the past 20 years. The UNICEF Committee, on the other hand, has a long history of collaboration with commercial broadcasting companies for fundraising appeals. While some other NGOs' activities were reported on the television, the coverage was not focusing specifically on fundraising. Such limited media coverage is considered to be one of the main reasons for the unequal distribution of private funds.

Moreover, **none of the 10 NGOs set their own target amounts for fundraising from the public,** which is the usual pattern among NGOs in Japan.

(13) Response to Appeals

Generally speaking, the appeals for the Tsunami assistance by the NGOs gained a large response from the public. Most of the NGOs raised more funds than any other previous appeals⁹. The main reasons for such a large response were: 1) the large-scale damage reported by the media; 2) the occurrence of the Tsunami in Asia where Japanese corporations have associated companies; and 3) strong sympathy by the Japanese citizens who frequently experience earthquakes in their own country. **One noticeable feature of the Tsunami response was the large proportion of the funds donated by private corporations.** This feature was most significant in the cases of 4 NGOs eligible for the tax deduction system¹⁰, namely the JRCS, the UNICEF Committee, the SCJ and the AAR. For example, approximately 70% of the funds raised by the JRCS were donations from corporations.

(14) Means of Donation

For each of the 10 NGOs, **money transfer** through banks or post offices was by far the most common means of donation. Although the online donation was available for most of the NGOs, the public tended to prefer using the traditional means of donation.

(15) NGOs' Reactions to Public's Response

The UNICEF Committee closed the designated account for the Tsunami assistance by the end of March, upon request by UNICEF, when they had raised an amount exceeding their target figure¹¹. Meanwhile, the JRCS had been raising funds in order to meet the medium and long-term reconstruction plan made by the Red Cross Movement, and

⁹ For example, the JRCS raised 9.8 billion yen for the Tsunami appeal, as compared to 3.0 billion yen for the Taiwan Earthquake in 1999. The PWJ raised donations amounting to approximately 60 million yen for the Tsunami appeal, while 10 million yen for the Iranian Earthquake.

¹⁰ In Japan, NGOs have to be authorised by the National Tax Agency to become eligible for the tax deduction system. The conditions are quite strict, and there are still a limited number of authorised NGOs.

¹¹ Through the inter-agency Flash Appeal, UNICEF had requested US\$ 306 million to fund its programmes through the end of 2005. These needs had been fully met, and as of 3 June 2005, UNICEF received an additional USD \$216 million to fund their long-term recovery efforts over a 3 to 5 year period.
(<http://www.unicef.org/emerg/disasterinasia/files/Tsunami6report16june.pdf>)

closed its account by the end of June 2005. **Even after their accounts were closed, the UNICEF Committee and the JRCS continued to receive donations**, since some corporations and organisations had collected funds from their members specifically for UNICEF and/or the JRCS.

On the other hand, the other 8 NGOs still keep their designated accounts open¹², although the donations have become seldom. According to the interviews, 4 NGOs are not actively raising funds any more, while **the other 4 require more donations to continue with their Tsunami assistance**.

(16) Important Roles of Government Funding

For NGOs in Japan, government funding plays important roles in disaster response. Excluding the cases like the JRCS and the UNICEF Committee, most NGOs are limited with their fundraising capacity from the public, and it is difficult to acquire the funds to immediately start activities of a certain scale. For the NGOs specialising in emergency relief, such as the PWJ, the SCJ and the AAR, the JPF grants were indispensable for the Tsunami response, especially in the initial investigation and emergency relief¹³. It is also noticeable that NGOs with a relatively small fundraising capacity, such as the JCCP and the KnK, acquired the government funds, and utilised their expertise for the Tsunami response.

(17) Important Roles of Channelling and Coordinating Bodies

For diversifying private funds, channelling and coordinating organisations play very important roles.

The JPF channels not only government funds but also private funds to NGOs. For the Tsunami, the JPF raised donations amounting to 270 million yen (US\$ 2.5 million), which is the third largest amount after the JRCS and the UNICEF Committee. The fund was disbursed to 9 NGOs including relatively small-scale NGOs for implementing projects in the rehabilitation phase. The JPF also coordinated various activities by the private sector in support of NGOs, such as the donations of goods in kind from 18 corporations and organisations and free freight services by sea.

On the other hand, for non-JPF member NGOs, **the JANIC played an important role to coordinate the joint fundraising activity**. The JANIC Joint Fundraising Website was especially useful for the small-scale NGOs with their staff fully occupied, and not having capacities to place extra efforts for fundraising (See **Box 4-1**).

Box 4-1: Joint Fundraising Website by the JANIC

In January 2005, the JANIC opened a joint fundraising website of 13 NGOs for the Tsunami response. In this website, each NGO's activities are presented, and one can choose a specific NGO to make a donation. As of the end of

¹² Until the projects end, NGOs tend to keep the designated accounts open, in case the needs emerge for additional funding.

¹³ The JPF grants were approved as early as 27th December 2004 for the initial investigation, and on 6th January 2005 for the first-phase projects in the emergency relief phase.

July, 18.8 million yen (US\$ 180 thousand) was raised through this website. Out of this amount, 13 million yen was donated solely by the Seikatsu Club Consumers Co-operative Union (COOP) in May 2005. The COOP had been seeking for the best organisation to make a donation to, and found the JANIC website through the Internet. The fund donated by the COOP was distributed to 8 NGOs.

4-2 Emergency Response Mechanisms

Generally speaking, the initial response by NGOs and the government was very quick, often accompanied by a smooth and flexible coordination. The NGOs selected target groups based on their disaster response policies, and those already had presence in the affected areas coordinated particularly well with local NGOs. In this section, the discussion is based on **the 9 NGOs**, excluding the UNICEF Committee that disbursed the funds to UNICEF but did not implement their own assistance in the affected countries.

(18) Timeliness

Out of the 9 NGOs, **6 NGOs immediately started their assistance** in the affected areas between 26th (the day the Tsunami occurred) and 30th of December. Those 6 NGOs include 4 NGOs specializing in **emergency relief**, and 2 NGOs that had their **on-going development projects** in northern Sri Lanka. Those 6 NGOs were among the first international NGOs to start the emergency relief in the affected areas.

On the other hand, the other 3 NGOs dispatched their investigation missions in January, and deliberately explored what they could do during the recovery phase. The specialisation of those 3 NGOs is **development** in health, child protection and others.

For both types of NGOs, **the response of the MOFA and the JPF was very quick and flexible** that enabled the NGOs to receive necessary funds to start their assistance. For example, the PWJ, the SCJ and the AAR immediately dispatched their initial investigation missions upon the quick approval of the JPF grant by the MOFA and the JPF Council. As another example, the KnK praised the MOFA for its exceptionally fast approval on the MOFA grant that usually takes much longer.

(19) Implementation Schemes and Previous Presence

There are mainly **4 types of implementation schemes** as listed below.

- ✓ Direct implementation by Japanese NGOs
- ✓ Joint implementation with local NGOs
- ✓ Implementation through local NGOs by channelling funds
- ✓ Implementation under international partnership

NGOs that already had presence in the countries had a comparative advantage in any of the implementation schemes mentioned above. For example, the BAJ made maximum use of their 60 local staff in 4 local offices in Sri Lanka, and conducted their activities through direct implementation. Moreover, the previous presence often enabled

the Japanese NGOs to coordinate with the local NGOs effectively (See **Box 4-2**). Strong partnership with the local NGOs was a key but it was a challenging issue for many international NGOs in a situation where many NGOs flowed into the affected areas.

Meanwhile, NGOs that have **strong international and local partnerships**, such as the SCJ and the JRCS, made full use of their local networks and staff (e.g., SC Sri Lanka and RC Sri Lanka/ Indonesia) while also coordinating with their international alliances.

**Box 4-2: Collaboration Patterns with Local NGOs
- Cases of JCCP and JVC -**

JCCP :Joint implementation with local NGOs

The Japan Center for Conflict Prevention (JCCP), an NGO having worked in the northern Sri Lanka for conflict prevention, successfully utilised their existing local network, and coordinated closely with two local NGOs, namely Sewalanka and the RDF. Together with these local NGOs, the JCCP conducted a detailed needs survey, and have been implementing a comprehensive assistance ranging from non-food items to basic infrastructure and livelihood restoration.

JVC: Implementation through local NGOs

The Japan International Volunteer Center (JVC) is an NGO that have been engaged in development work in Thailand and other countries for over 25 years. The JVC channels the funds to the Collaborative Network for the Rehabilitation of Andaman Communities and Natural Resources, a network of 44 local NGOs working for the rehabilitation of the Tsunami-affected southern provinces. From 22 to 26 September 2005, the Network held the International Tsunami Conference in Thailand, where the local leaders from the Tsunami-affected countries and Okushiri, Kobe, Niigata (i.e., the areas in Japan that have experiences of severe earthquakes) exchanged their experiences. The President of the JVC emphasises the importance of rehabilitation by the local NGOs and communities, and stresses that the JVC's role is to assist them indirectly.

(20) Identification of Needs and Target Groups

Nine (9) NGOs selected the target areas and groups based on the existing needs and their disaster response policies (mandates). **For the NGOs specialising in emergency relief, they targeted the areas with the existence of high emergency needs.** For example, the PWJ and the JRCS selected Aceh where the extent of emergency need was considered most large and severe, although the disaster information was limited in the very initial stage. **On the other hand, for the NGOs specialising more in development, they tended to identify the most vulnerable areas and people** who were not sufficiently covered by the official or large-scale assistance (See **Box 4-3**). Meanwhile, for the NGOs with the previous presence in the affected areas such as the BAJ and the JCCP, **they had to cope with emergency needs, even though they had no previous experience in emergency relief.**

It is noticeable that all the 9 NGOs are still continuing with their assistance activities in the selected areas. This means that **all the 9 NGOs cover the rehabilitation and/or reconstruction phases** of the Tsunami response. According to the NGOs, considerable

needs for assistance still remain in their activity areas.

**Box 4-3: Targeting the Most Vulnerable People
- Cases of SHARE and KnK -**

SHARE: Assistance to the foreign labourers

SHARE is a small-scale NGO specialising in health development, and one of their local offices is located in Northern Thailand. In January, they dispatched an investigation mission to the Tsunami-affected areas in Southern Thailand, and found that the Burmese labourers in Phangnga Province were badly affected and had not received any official assistance from the Thai Government. The SHARE decided to channel the fund to the HERIB, a local NGO focusing on health education for the Burmese. The SHARE local office monitors the project regularly, and gives advice when necessary.

KnK: Assistance to the most vulnerable orphans

KnK (Kokkyo naki Kodomotachi) is another small-scale NGO, and its focus is on the protection of the children on the streets. After the investigation mission to 4 countries in January, they decided to assist the most vulnerable affected children in Aceh, Tamil Nadu, and Phangnga. In collaboration with the local NGOs, they selected the most vulnerable orphans without guardians and assisted them through providing a common shelter and conducting therapy workshops.

(21) Coordination

As is often the case with disaster response, the coordination with many stakeholders was a challenging issue in the Tsunami response. Especially in the emergency phase, a large number of NGOs went to the affected countries at once, and a sizable number of items were distributed to affected people within a short period of time¹⁴.

According to the interviews with the NGOs, there were no systematic coordination mechanisms in the affected areas during the initial phase of emergency relief. This was because the UN agencies had not yet started the coordination, and the local governments were severely affected and did not have the capacity for coordination. Under such situations, the NGOs that participated in the emergency relief often encountered other international NGOs in the villages where the governor requested them to distribute goods. Despite such circumstances, those NGOs tried to identify the changing needs through collecting information from “temporary information stations”, local armies and local and other international NGOs.

In the latter half of January and later months, coordination meetings were held, facilitated by the UN or by the consortium of NGOs. The Japanese NGOs covered by this study regularly participated in these coordination meetings, and identified the villages to work in while taking the other organisations’ activities into consideration¹⁵.

As we have entered the reconstruction phase, **it is becoming increasingly important to**

¹⁴ The number of NGOs increased from 400 to 6,000 after the Tsunami in Sri Lanka. (Source: Japan NGO Network for Reconstruction and Development of Sri Lanka (2005) NGO Study Report in Sri Lanka (Kunibetsu NGO Kenkyukai Hokokusho), MOFA.)

¹⁵ Several interviewees mentioned that some large international NGOs did not participate in these coordination meetings, and ended up distributing items to villages where support had already been provided.

harmonise the NGOs' activities with the development policies of the national and local governments. Although this process will take a long time, the Japanese NGOs acknowledge that it is necessary to coordinate closely with the government bodies.

(22) Communication Policy and Media Coverage

As mentioned before, the media coverage of fundraising appeals was limited. However, the media coverage of the Tsunami disaster was large. In fact, 7 NGOs responded to interviews with newspapers or TV stations, although only a few NGOs had active communication policy with the media.

5 Management of Funds

5-1 Mechanisms for Funds Expenditure

Generally speaking, the mechanisms for funds expenditure were driven by needs. The NGOs with a sizable amount of unspent funds intend to use them in a longer term during the reconstruction phase. On the other hand, 4 out of the 10 NGOs still require additional funds to continue with their assistance.

(23) Decision Making Criteria and Mechanism for Fund Expenditure

In general, the decision-making criteria for funds expenditure tend to depend on the types of funds. As explained in the earlier sections, the NGOs utilise grants within the set timeframe and for the set purposes. On the other hand, donations tend to be used more flexibly over a longer time period¹⁶. For example, the AAR utilised the JPF government fund for emergency relief, and utilised the donated funds for activities that require a long procedure to get an approval from the government, such as for housing construction.

(24) Management of Financial Overload or Shortage

None of the 10 NGOs mentioned that the funds they raised had exceeded their implementation capacity or the local needs in the affected areas. Instead, they are concerned that **considerable needs for assistance still remain in their activity areas, but the recovery process takes a long time**. The main reasons considered by the NGOs for such a slow recovery are: 1) the development plans are not yet made by national and local governments of affected countries; 2) there are not enough local human resources to implement the reconstruction activities; and 3) the affected areas include regions with political conflicts.

Hence, the NGOs that still have a sizable amount of donated funds left are planning to use them over a long-term period. For example, the JRCS plans to implement a 5-year reconstruction plan including assistance in permanent housing and preparedness, while continuing relief assistance to the people still remaining in the evacuation sites¹⁷. Accordingly, **none of the NGOs plan to use the funds they raised for other purposes than the Tsunami assistance**. They consider that such an action could undermine the

¹⁶ The PWJ, however, mentioned that they did not differentiate between grants and donations, since the public donated the funds for the emergency relief purpose.

¹⁷ According to the JRCS, one million people are reportedly still living in the evacuation sites in Indonesia and Sri Lanka.

NGOs' accountability to the contributors.

On the other hand, out of the 10 NGOs, 4 NGOs require more funds. Especially, the situation has been most challenging for 2 NGOs that received grants but with quite a limited amount of donations. They are likely to face the severe shortage of funds when grant-funded projects are completed. Those NGOs are trying to continue with their assistance by utilising funds from other sources, or to hand over their activities to local NGOs or UN agencies. The MOFA encourages such NGOs to try accessing different types of government and private grants that are available. At the same time, it can be concluded that **it is important for all NGOs to have an appropriate exit strategy by matching their activities and available funds.**

(25) Programming Systems (Need to spend or need to be effective)

Generally speaking, the mechanisms for funds expenditure were driven by needs. As mentioned above, the NGOs intend to use the funds they raised in accordance with the needs and progress of recovery, rather than spending them quickly. In the initial phase of emergency relief, however, the spending timeframe was quite strict for the NGOs receiving the JPF grant (See **Box 5-1**).

Box 5-1: Challenges for NGOs during the JPF First Phase Assistance

In order to conduct timely emergency relief, the JPF First Phase Assistance was initially scheduled to be completed within 45 days. However, in the Tsunami relief case, where timely procurement was difficult, it was considered demanding for many NGOs to accomplish the planned activities according to this schedule. As a result, most NGOs received approvals to extend their project duration. Based on this experience, the JPF Secretariat is aware that the duration of the initial phase can be re-examined for future assistance, although it is necessary to set a certain timeframe for the assistance.

Moreover, due to the continuous change of situation in the field, there were often cases in which the original plans required modification. It was not always easy for the NGOs to follow the procedure to obtain approvals for modifying the plan, when they were facing pressing needs in the field. On this issue, the MOFA and the JPF Secretariat both consider that certain procedures for modifying the plans are still necessary for securing accountability, since the projects are funded by tax payers' money. They are also of the view that NGOs need to provide clearer justifications supported by concrete evidences for proposed modifications to be approved smoothly.

(26) Administration costs

For the Tsunami response, the **administration costs at the headquarters** varied among the 10 NGOs from 3 to 15% of the total expenditure, depending on the amount they raised. Such expenses were included in the approved amount of the JPF and the MOFA grants.

5-2 Monitoring, Evaluation and Accountability

Monitoring and evaluation are conducted by NGOs themselves and the funding

agencies. Regarding accountability, there is room for some NGOs to improve their information dissemination systems on funding.

(27) Monitoring and Evaluation Systems

All the NGOs monitor the progress and the effects of their own projects. For example, the AAR conducted a monitoring on non-food items in March 2005, which was an effective way to confirm whether the items were actually distributed to all the households. The PWJ assigned a specialist on Indonesian culture to externally monitor the impacts of their assistance on local people.

For the projects funded by grants, the JPF Secretariat organised monitoring missions in March and May 2005 to monitor the Tsunami assistance activities of the JPF-funded projects, and the findings of the monitoring missions are made available to the public through the JPF website. The JPF also plans to conduct an overall evaluation of the Tsunami response in the near future. For the MOFA grant, the Embassy staff monitors the projects. For both the JPF and the MOFA grant, project completion reports and external auditing reports have to be submitted to the JPF and the MOFA, respectively.

(28) Accountability and Reporting Mechanisms

The summary of project activities and financial statement is important information for the contributors to know how their donations have been spent. All the 10 NGOs are making good efforts in keeping their contributors up-to-date by sharing information on the progress and current situations of the projects through websites, newsletters and seminars. Some NGOs even send their staff to some organisations (contributors) for face-to-face explanations. **Regarding the Tsunami funding, however, not all the NGOs have reported to the contributors timely.** As of September 2005, only 4 out of the 10 NGOs have reported the amounts raised and spent in relation to the Tsunami to their contributors. Meanwhile, 4 NGOs have plans to report their final balance of the Tsunami response, and the remaining 2 NGOs have not yet decided whether they will make the financial report specifically for the Tsunami response¹⁸.

Accountability to the potential contributors, i.e. the public, is also important. After the UNICEF Committee and the JRCS closed their designated accounts for the Tsunami, some organisations looked for other NGOs to donate the funds they had collected. In order to have the private funds more widely shared by the NGOs, it is desirable that the NGOs themselves also disseminate information so that the public could make an informed decision on their donations. **Information could include not only the current situation of the projects but also an outline of the financial status, i.e., fundraising and spending, along with their foreseen implementation plans.**

6 Effects on NGOs

6-1 Effects on Human Resources

For most of the 10 NGOs, they did not employ new Japanese staff members for the Tsunami response. Instead, they managed the increased workload with existing staff and by employing additional local staff or coordinating with local NGOs.

¹⁸ Generally speaking, NGOs tend to combine the balance of all the activities into the financial statement of their annual reports without reporting the balance of each project.

The work overload was very severe especially for development-oriented NGOs which opted for the direct implementation of the assistance. For example, the BAJ was involved in the Tsunami emergency relief and recovery, since they were already implementing development projects in northern Sri Lanka with UNHCR, the MOFA and JICA. They became engaged in relief work while continuing with their on-going projects under contract. The BAJ managed this workload by fully utilising the existing human resources in both headquarters and local offices, and employing a few additional local staff.

Regarding **the human resources development, long-term effects are not apparent**, since contracts with additional local staff members are short-term. As an exceptional case, however, the SCJ used the fund raised to recruit three new Japanese staff members to work in the fields for the Tsunami response. The SCJ considers it important to provide opportunities for competent people to work in the field of international cooperation¹⁹.

6-2 Effects on Funding to Other Operations

Four (4) out of 10 NGOs mentioned that undesignated donations have declined. One of them said that the amount of undesignated donations has decreased by 40% in September of 2005 compared to the amount in September of 2004. Those NGOs collected the funds for the Tsunami response mainly from their supporters, and therefore, the amount of regular donations from those supporters seemed to have decreased since they had already donated relatively large amounts for the Tsunami. Nevertheless, it is still early to assess the effects of the Tsunami on other NGO operations.

6-3 Effects on Supporting Base

All the 10 NGOs, regardless of their size, mentioned that they received donations from new contributors. Some of the new contributors had some previous relationships with the NGO prior to the occurrence of the Tsunami. Other new contributors accessed the NGO's website and decided to donate funds. At this moment, however, **NGOs mentioned that there is no obvious reason to assume that those new contributors have joined as regular supporters.** One NGO director mentioned that it is a challenge for the NGO to maintain relationships with the new contributors for the Tsunami assistance.

The JPF, however, is an exceptional case. The Tsunami relief was, in a sense, a good opportunity for the JPF to strengthen its partnership with the private sector (See **Box 6-1**).

¹⁹ In Japan, it is not very easy for those who are interested in international cooperation to find suitable job opportunities.

Box 6-1: Effects of the Tsunami on the Japan Platform (JPF)
- Strengthening the partnership with the private sector -

The JPF established a good reputation by demonstrating its role in disaster relief when it played a vital role in responding to the Iranian Earthquake Emergency Relief. A detailed report was distributed to the corporations who donated funds in December 2004.

When the Tsunami occurred, the Japan Business Federation (*Keidanren*) recommended each corporation to donate to the JRCS or the JPF. **This was the first time that *Keidanren* recommended organisations other than the JRCS.** As a result, the JPF received donations from 241 corporations and organisations, increasing from 135 for the Iranian Earthquake. It was also the first time for the JPF to collaborate with corporations in sending goods to the NGOs in the field. Through the Tsunami assistance, the JPF was able to further strengthen its partnerships with private corporations. This was an important milestone for the JPF, which is marking its 5th anniversary this year.

Challenge still remains, however, as the private funds raised by the JPF, amounting to 270 million yen (US\$ 2.5 million), was still not enough to finance all the projects proposed by its member NGOs for the recovery phase. The JPF is trying to become an *authorized NPO* eligible for the tax deduction system, so as to provide corporations with an environment to donate their funds more easily.

7 Conclusions and Lessons Learnt

7-1 Conclusions

This study examined the patterns and characteristics of NGO funding in Japan in relation to Tsunami assistance, and analysed the fund management mechanisms of NGOs through the case studies of 10 NGOs. **Overall, the appeals for the Tsunami assistance by the NGOs gained a large amount of funds from the public, and the initial response by NGOs and the government was very quick.** Conclusions from the analyses are summarised below against each of the seven study questions.

- (1) **At least around 15 billion yen (US\$ 140 million) has been raised by NGOs in Japan for the Tsunami response.** The total amount of government funds has been 590 million yen (US\$5.5 million), and according to the available data, private funds raised by 31 major NGOs are estimated around 14.3 billion yen (US \$134 million). It is noticeable that 92% of the private funds went to 2 NGOs, namely the Japanese Red Cross Society (JRCS) and the Japan Committee for UNICEF, and **only 8% was received by the other 29 NGOs.**
- (2) Based on the data of 10 selected NGOs including the JRCS and the UNICEF Committee, the private funding comprises 98%, while the government funding comprises 2%. Out of the total funds, **the contribution by corporations and organisations accounts for as much as 65%.** Especially, the large contribution by the private corporations was one noticeable feature of the Tsunami response.
- (3) More than 31 NGOs in Japan have responded to the Tsunami disaster, and those NGOs have covered **various sectors in 4 countries, through all the phases from emergency relief to reconstruction.** This indicates that Japanese NGOs cover a wide range of expertise needed in disaster response.
- (4) **Patterns of response to the Tsunami varied** among the 10 NGOs. While NGOs specialising in emergency relief started the assistance immediately, the development-oriented NGOs deliberately explored what they could do during the recovery phase. With regard to the expenditure of the raised funds, **the 10 NGOs have spent or disbursed 38% as of August 2005.** This figure rises to 70% when the 2 largest NGOs, the JRCS and the UNICEF Committee, are excluded. The spending ratio tends to be high for organisations with a high ratio of grants (i.e., mainly national government funds). This is reflecting the nature of the funding source, as grants tend to have stricter timeframe compared to donations.
- (5) **None of the 10 NGOs mentioned that the funds they raised had exceeded their implementation capacity or the local needs in the affected areas.** 2 NGOs that still have a sizable amount of donated funds left are planning to use them over a long-term period during the reconstruction phase. On the other hand, 4 NGOs still need more funds to continue their assistance. Accordingly, **none of the NGOs plan to use the funds they raised for other purposes than the Tsunami assistance.**
- (6) **The effects of the Tsunami response on the NGOs are not yet apparent at this stage.** However, several NGOs have faced a decline in the amount of undesignated donations after the Tsunami. Regarding the supporting base, NGOs mentioned that there is no obvious reason to assume that the new contributors have joined as regular supporters.

- (7) Generally speaking, **the mechanisms for funds expenditure were driven by needs.** The NGOs intend to use the funds they raised in accordance with the needs and progress of recovery, rather than spending them quickly.

7-2 Lessons Learnt

Based on the study findings, the following points are drawn as the lessons.

1. Media Coverage as Effective Private Fundraising Method

The Japanese Red Cross Society (JRCS) and the UNICEF Committee raised 92 % of the private funding. Such an uneven distribution is partly due to the limited media coverage of fundraising. It is important for the mass media to widen the coverage, so that a diverse range of NGOs are made known to the public as potential entities to send donations to. In this aspect, channelling and coordinating bodies such as the JPF and the JANIC could also play an important role by strengthening their communication policy with the mass media.

2. Important Roles of Government and Channelling / Coordinating Bodies in Fundraising

The government funding played important roles to mobilise NGOs with various expertise and strengths. While the emergency-oriented NGOs (i.e., JPF member NGOs) received the JPF grant immediately, the development-oriented NGOs were also able to start their assistance in a relatively early stage by receiving the MOFA grant. Meanwhile, channelling and coordinating bodies, such as the JPF and the JANIC, played vital roles in diversifying the private funds to NGOs including smaller-scale NGOs. The private funds channelled by the JPF were useful especially for bridging the emergency relief and reconstruction phases of the assistance. Thus, grants and channelling / coordinating bodies in fundraising enable NGOs to secure funds for disaster response, regardless of the NGOs' expertise and sizes.

3. Timeframe and Modification Procedure in Grant Funding in the Emergency Phase

It is important for grant funding to have appropriate timeframe so as to implement the funded projects effectively, especially in the initial phase of emergency relief. As exemplified in the case of the JPF-grant funded projects in the Tsunami emergency relief phase, the strict timeframe for funding can be sometimes demanding for NGOs due to the difficulty in timely procurement and other unexpected situations. Moreover, in order to cope with the changing needs appropriately, it is important for grant funding to have a modification procedure that secures both timeliness and accountability of emergency response. In the case of the JPF funded projects in the emergency phase, it was not always easy for NGOs to follow a well-timed procedure to obtain approvals for modifying the original plan due to constant changes taking place in the field.

4. Comparative Advantages of Different Types of NGOs in Disaster Response

Different types of NGOs can play different but important roles in disaster response, and this contributes to covering various needs in different phases from the emergency relief to reconstruction. For the Tsunami, both emergency and development-oriented NGOs participated in the assistance, and both had the comparative advantages. The former had the competence especially in providing quick relief, and the latter had the competence in targeting the vulnerable people in the recovery phase, those who tended to be outside of the

official and large-scale assistance.

5. Strength of Previous Presence in the Country

Partnership with local NGOs / people is an advantage to implement needs-based activities in a chaotic situation like the emergency phase. For disaster response, previous presence in the country often enables NGOs to effectively conduct needs assessment and implementation, through utilising their existing local networks. In the case of Tsunami response, NGOs with previous presence in the country particularly coordinated well with the local NGOs, while that was a challenging issue for other NGOs in a situation where many international NGOs flowed into the affected areas.

6. Local Initiatives in the Rehabilitation/ Reconstruction Phase

Especially in the rehabilitation and reconstruction phases, the initiatives by local people are important. As exemplified by some of the NGOs under study, indirect assistance through channelling funds to local NGOs by international NGOs could be one of the effective schemes for promoting local initiatives and strengthening the sense of ownership.

7. Effective Funds Management Mechanisms through Matching Funds and Activities

For effective fund management, it is important for NGOs to match their activities and available funds. Overall, the NGOs under study effectively raised and managed funds by taking into consideration the advantages and challenges of utilising grants and donations. Meanwhile, some NGOs with quite a limited amount of donations are likely to face the severe shortage of funds when grant-funded projects are completed. It is important for NGOs to have an exit strategy which takes into account the sustainability of the activities while considering the availability of funds.

8. Accountability of NGOs in Funding

In order to have the private funds more widely shared by NGOs, they themselves are also expected to disseminate funding information in a timely fashion, so that the public could make informed decisions with regard to their donations. Such information should include an outline of the financial status, i.e., fundraising and spending, along with their foreseen implementation plan. Moreover, coordinating bodies, like the JANIC, the JPF and other networking NGOs, could play a role in integrating the information disseminated by each NGO and let the public know about the NGOs in need of further funding to continue with their assistance.

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- JCCP: Japan Center for Conflict Prevention (<http://www.jccp.gr.jp/eng/index2.htm>)
- JPF: Japan Platform (<http://www.japanplatform.org/E/index.html>)
- JRCs: Japanese Red Cross Society (<http://www.jrc.or.jp/english/index.html>)
- JVC: Japan International Volunteer Center (<http://www.ngo-jvc.net/en/index.html>)
- KnK: Kokkyo naki Kodomotachi (<http://www.knk.or.jp/english05/english.htm>)
- PWJ: Peace Winds Japan (<http://peace-winds.org/en/>)
- SCJ: Save the Children Japan (<http://www.savethechildren.net/alliance/index.html>)
- SHARE: (<http://share.or.jp/english/>)
- Japan Committee for UNICEF (<http://www.unicef.or.jp/>) (*Japanese*)

Annex 1:

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