

## ***Corporate Giving in Japan and Keidanren's Role***

**NATSUAKI FUSANO**

*Managing Director*

*Keidanren*

*(The Japan Federation of Economic Organizations)*

Both internationally and domestically, in contrast to the size of philanthropic donations, the existing needs are many. But the current reality is that the "screening process" of any particular corporate donor is severe, making it difficult to gather contributions. It is to help meet these needs that Keidanren facilitates corporate contributions. There are three so-called business community organizations in Japan similar to Keidanren, but in principle it is Keidanren which helps arrange corporate donations.

According to statistics of the National Tax Agency, Japanese corporate donations reached ¥253.5 billion (\$1.4 billion) in 1983, virtually double the 1973 total of ¥126 billion. Keidanren only helps arrange a small part of this total, in 1984, 40 international projects costing ¥3.47 billion (\$19.3 million) and 40 domestic projects costing ¥5.96 billion (\$33.1 million), for a total of ¥9.43 billion (\$52.4 million). In recent years, we have arranged an average of ¥10 billion (\$55 million) in annual donations from various companies.

Keidanren's method for facilitating corporate contributions is fairly unique. We receive requests for contributions to a certain project, and if we approve the project the applicant is given our list of potential donors made up of some 30 industry groups and 300 companies. The applicant is then responsible for

seeking the donation, and must take the initiative in calling upon the listed companies. This is the so-called "Keidanren method": the applicant bears primary responsibility for seeking the contribution, though Keidanren approval helps significantly in getting donors to consider the proposal seriously.

Applicants for donations may wish to keep several points in mind. First, the contribution must be tax exempt. For this status, the beneficiary must be designated by the government as an "Experimental Research Corporation," or the project must be approved for "designated donation funds." Without these designations, the contribution will be taxed, making the actual loss to the corporation double the amount of the contribution. If only because Japan's corporate income tax is one of the world's highest, this is an important consideration.

Second, companies prefer to help applicants who help themselves. Recipients should not expect to rely on donations but must first exert their own efforts. Generally, corporate donors will provide only one third or at most one half of a project's funding.

Finally, patience and persistence are required. Even if Keidanren accepts a proposal, this alone does not mean the contribution will be realized. The applicant must call upon the corporations in the list provided by Keidanren, and pursue them tenaciously. Decision-making in a Japanese corporation often takes a long time, and in some cases it can be two years before a contribution is actually disbursed.