



Japanese philanthropy has fallen behind. Can it catch up?

By Haruto Okabe

Illustration by artist Saba Taghvai

Japan's economy is the fourth-largest in the world, yet it ranks near the bottom of the World Giving Index. Why?

For decades, Japan's philanthropic sector has remained relatively stagnant, both in terms of the volume and quality of giving. Alongside this stagnation of giving, numerous social challenges have persisted—or even worsened—ranging from child poverty and gender inequality to rural depopulation and environmental degradation.

Common explanations for this stagnation in giving often point to cultural and religious factors, such as the absence of tithing traditions or a secular social ethos, as core reasons behind Japan's limited philanthropic engagement. But are these explanations sufficient? Is it possible that more structural barriers are at play? We must ask whether Japan's slow philanthropic inertia stems not just from cultural context—but from policy design, institutional gaps, and sector dynamics that can be addressed.

Amid global turmoil, international aid cuts, and growing need, there is an opportunity—alongside a pressing need—for Japan to play a more prominent role in addressing both domestic and international social issues, especially as a top-five country in millionaire population and a nation of considerable private wealth. Japanese non-governmental organisations are already powerful actors in international aid, and as one of the few democracies left in a time of global democratic decline, with relatively few restrictions on civil society, Japan is uniquely positioned to foster a more vibrant philanthropic culture.

Based on insights from interviews with philanthropy experts in Japan and abroad, as well as literature and data review, I have identified four key issues for Japanese philanthropy to tackle—

stagnant funding, an undeveloped ecosystem, a decline in social entrepreneurship activity, and legal barriers—and offer ten suggestions for foundations and funders on how to address them.

In 2020^[1], individual donations in Japan amounted to just 0.23 percent of GDP—consistently under \$20 billion. This was seven times lower than in the U.S., where giving reached 1.55 percent of GDP, amounting to over \$300 billion in recent years. This limited level of giving contributes to Japan's low standing on the World Giving Index, where it ranks 141st out of 142 with an overall score of 20—well below the global average of 40, and far behind the United States (score: 59, rank: #6), South Korea (38, #88), and China (37, #95).

It's not just individual giving—only a handful of foundations in Japan provide sizable grants. Grant programmes that offer over the equivalent of \$1 million per grantee are limited and infrequent in Japan. As a result, Japanese nonprofits struggle to scale their organisations, with likely at most around 500 nonprofits earning more than \$5 million per year, compared to over 30,000 such organisations in the United States.

No supportive philanthropic ecosystem

In Japan, there are few advisors, organising bodies, or infrastructure networks available to organise and motivate funders. Comparatively, with the philanthropy field in the US where advisors to philanthropy abound—for example Rockefeller Philanthropy Advisors—Japan has little strategic professionalisation of the philanthropy sector. This may have contributed to the lack of visible role models among Japanese philanthropists—Japan remains one of the few countries with many billionaires but no Giving Pledge signatories.

It's not just a lack of philanthropy advisory, spaces for foundations to network and share knowledge are few and far between. The Japan Foundation Centre organises just 300 members—compare that with the UK's Association of Charitable Foundations, which organises 440 members. But it's not just infrastructure bodies the Japanese sector is missing—it's also a lack of philanthropy-focused knowledge hubs. For the English-speaking philanthropy sector, there is philanthropy media, think tanks, research hubs, and general spaces for consultation and collaboration.

This reality hampers collaboration and learning. Building a more vibrant philanthropic ecosystem in Japan requires systematic efforts to expand networks and create platforms for shared learning.

A leadership issue

Nonprofit leaders are increasingly afraid of public backlash and harassment, which likely has a dampening effect on future social entrepreneurs stepping forward. Recently, prominent nonprofit leaders have faced unfounded accusations of being ‘government puppets’, ‘attention seeking’, or riding a ‘gravy train,’ and even financial misconduct as a result of their public profile from advocacy work. There is an urgent need for a better understanding and stronger institutional protection for leaders in these roles.

Another challenge for social entrepreneurs in Japan is the low salaries for nonprofit work, even at a CEO level. The average annual salary for nonprofit executives in Japan is just around \$39,000. Low pay in Japan’s nonprofit sector is not a matter of choice, but the result of structural constraints across funding, labour, and organisational culture, where a widespread belief in the ‘beauty of poverty’ fosters the notion that those doing good should not earn well.

Nonprofits struggle to provide adequate salaries for their staff when donations are limited, especially when flexible funding is scarce and grants come with strict usage restrictions.

Legal barriers for philanthropy

The number of organisations eligible for tax-deductible donations in Japan is just about one-tenth that of the US. In 2023–24, the U.S. had over 1.5 million organisations eligible for tax-deductible donations, compared to only about 50,000 in Japan. Even taking each country’s population into account, the difference is stark: 0.4 organisations per 1,000 people in Japan are eligible for tax relief, versus 4.5 per 1,000 people in the US.

Part of the issue is related to the complexity of the nonprofit system in Japan, where organisations must go through a two-step administrative process to obtain tax-deductible status for donations—first registering as a legal nonprofit, and then applying for “approved” or Public Interest status. In contrast, many other countries, including the U.S., employ a one-step process in which tax-deductible status is granted upon registration or approval of nonprofit status.

Even following a 2011 reform aimed at easing the process, only 2.6 percent of all registered nonprofits in Japan have achieved the approved status required for tax-deductibility, highlighting how rare and burdensome the designation remains. This reality puts most Japanese nonprofits at a fundraising disadvantage, particularly when attracting individual donors who seek tax benefits. It creates a perception that unapproved NPOs are not trustworthy enough to be supported with tax incentives. This undermines public confidence and limits the growth of civil society.

Japan's system needs a shift toward automatic or more inclusive approval to enable a more vibrant nonprofit sector.

Tax disincentives for philanthropy aren't just at the level of institutions—there is also limited incentive for individuals to give. While Japan offers deductions under both income and resident taxes, the rules are complex and not as generous as in other countries with economies of a similar size. Even compared across other Asian countries, Japan's tax incentives are the most complicated, making it harder for people to understand the merit of giving. China, India, and Malaysia, for example, offer 100 percent deductibility with simpler limits. Japan—as well as Korea—combine low deduction rates with tight income limits, creating a 'double disincentive' for individual giving. This adds another structural barrier to building a strong culture of philanthropy in Japan.

Finally, foundations in Japan do not utilise investments or endowments to sustain their activities, due to limited awareness and a lack of practice. Many Japanese foundations follow a 'cash-out' model, using only annual donations without investing their principal assets. This stands in contrast to foundations elsewhere that actively manage endowments and sustain funding through investment returns. Japanese foundations often fear audits and avoid equity investment, believing it to be restricted.

Solutions

What should Japanese philanthropy do? Here, I outline ten recommendations for foundations and (potential) philanthropists in the world's fourth-largest economy to revitalise its giving.

1. Embrace trust-based philanthropy

Japanese nonprofits often face short-term, highly restricted funding, which prevents them from investing in organisational development or long-term solutions. Japanese funders adopting trust-based philanthropy—providing multi-year, unrestricted grants grounded in mutual respect—can empower grantees to focus on mission, not compliance or reporting. I am aware that trust-based philanthropy is not without its critics and is no silver bullet, but with so few practicing it in Japan, greater diversity in funding approaches is urgently needed. As early adopters of this approach, Japanese funders would set a new sector standard and catalyse broader change across the philanthropic landscape and be an innovator in Asian philanthropy.

2. Launch advocacy philanthropy

Systemic problems in Japan—such as gender inequality or outdated welfare systems—require more than direct service; they demand policy and public opinion shifts. Yet, few Japanese funders support advocacy due to political sensitivity or perceived risk. At a time when civic space is shrinking globally, backing advocacy-focused organisations is more important than ever.

Japanese funders can play a catalytic role in enabling long-term, structural change, and fill a vital funding gap that most nonprofits currently face.

3. Launch big bet philanthropy

Most promising social sector organisations in Japan remain stuck in ‘pilot mode’ due to limited large-scale, multi-year grants. Japanese funders who commit significant capital to bold, scalable initiatives can unleash transformational change and send a strong message that ambition will be rewarded. These big bets would not only boost organisational capacity but also legitimise high-impact giving among Japan’s wealth holders.

4. Hold ‘new philanthropy’ study group for foundations in Japan

Japanese foundations often operate in isolation, with limited exposure to innovative models or peers’ experiences. A regular, funder-led study group would foster mutual learning and expand awareness of global grantmaking trends such as trust-based and systems-change philanthropy. Creating this space for reflective practice is key to shifting outdated norms and building a stronger, more connected philanthropic sector.

5. Organise social issue study group/catalogue for philanthropists

Many Japanese philanthropists give based on personal proximity—often to universities or disaster relief—due to limited awareness of pressing social issues. A curated study group or issue catalogue would expose donors to a broader range of challenges and equip them with the information needed to fund more strategically. This low-barrier intervention can diversify giving and help align resources with societal needs.

6. Create philanthropy best practice database

Japan lacks a centralised source for philanthropic case studies and ‘what works’ examples, making it difficult for funders to learn from one another. Creating an open-access knowledge platform featuring domestic and global best practices would fill this gap and build sector-wide capacity. As a neutral learning tool, this database could raise the overall sophistication and effectiveness of Japanese philanthropy.

7. Encourage billionaires’ giving commitment

Despite having over 40 billionaires, Japan has no signatories to the Giving Pledge, and few visible examples of large-scale philanthropic leadership. Japanese funders—especially those with wealth and networks—can lead by example and encourage peers to publicly commit to giving. Normalising large-scale philanthropy will not only unlock more capital but also shift cultural norms around wealth, purpose, and responsibility.

8. Create spaces for experience sharing among nonprofits (harassment etc.)

Nonprofit leaders in Japan often face public backlash, particularly when they engage in advocacy. This creates a chilling effect for emerging social entrepreneurs. By funding safe and restorative spaces for peer learning and open dialogue, where leaders can step

away from daily pressures and speak freely, Japanese funders can reduce isolation, increase resilience, and show that nonprofit leadership deserves institutional support. This investment is essential for sustaining bold leadership in the sector.

9. Launch venture philanthropy leveraging funder's talent network

Japan lacks hands-on, capacity-building support for high-potential nonprofits. Funders who launch venture philanthropy initiatives—pairing grantees with skilled mentors and providing flexible capital—can accelerate innovation and impact. Leveraging leadership networks or similar domestic talent pools, would help build a new model of strategic giving that combines funding with non-financial value.

10. Collaborate to build coalitions for regulatory reform

Japan's complex tax system and narrow eligibility rules discourage giving and limit nonprofit growth. Funders have a unique voice and legitimacy to push for smarter, more accessible regulations. By forming coalitions with legal experts, researchers, and civic groups, they can play a pivotal role in modernising Japan's philanthropic infrastructure and removing unnecessary friction for donors and recipients alike.

A choice for the future

Japan can no longer afford to accept the stagnation of its philanthropic sector as a cultural inevitability. Many of the barriers to philanthropic growth, such as inflexible funding practices, weak policy infrastructure, and limited support for nonprofit leadership, are not the result of immutable traditions but rather addressable structural issues. If left unchallenged, these systemic obstacles will continue to limit the country's capacity to tackle pressing social issues and contribute meaningfully to global civil society.

At a time of global instability, especially with regard to international aid and giving, Japan is uniquely positioned to lead. With its strong democratic institutions and internationally active NGOs, Japan has both the freedom and the responsibility to reimagine what philanthropy can achieve.

The question is no longer whether Japan can be philanthropic—but whether it will choose to be. That choice must begin now with bold, intentional action from funders ready to build the infrastructure, practices, and norms that a thriving social sector demands—something I, too, am committed to advancing.



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Footnotes

1. ^ A lack of accessible and up-to-date data is also a notable feature of Japan's philanthropic sector—2020 remains the most recent figure available for individual giving, and even compiling a basic revenue ranking of top nonprofits is extremely difficult due to limited data transparency.