

Transparency initiative of GuideStar Korea

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GuideStar Korea

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What is the Korean Civil Society?

1. The Scope

NPO is called with different ways in Korean

- ❖ **Non Profit Organization: NPOs covered by law or not covered**
- ❖ **Non Governmental Organization(NGO): Civil organization, based on UN**
- ❖ **Public Interest Corporation: Public interest, tax exemption, public announcement of reporting document**

*Source: Financial management guidebook for Non profit organization, Bae wongji, 2011

What is the Korean Civil Society?

2. Approaches to analyze NPO numbers(2010 year)

- ❖ **NPOs** covered by law & eligible for Corporation Tax Return: 28,905
- ❖ Voluntary Organizations not covered by law: unavailable

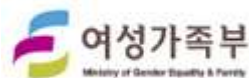
Objective	Numbers	Financial standard
1.Social well-fare	2,830	Yes
2.Education	1,749	Yes
3.Health /Medical	610	Yes
4.Religion	17,958	No
5.Scholarship	3,163	No
6.Arts & Culture	673	No
7.Others	1,922	No
Total	28,905	

*Source: Statistical Yearbook of National Tax, National Tax Service, 2010

What is the Korean Civil Society?



26 administrative government bodies



What is the Korean Civil Society?

3. Official data is unavailable to answer the following questions

- ❖ Number of NPOs at the end of specific year
- ❖ Number of NPOs established during last 10 years
- ❖ Percentage of population that has access to a NPOs
- ❖ Total sum of grants made by community foundation every year
- ❖ Total sum of the income/donation scale every year
- ❖ Total sum of assets scale of NPOs

Intermediate conclusion;

- ❖ 26 bodies have own regulations for NPO accreditation/operation
- ❖ Comprehensive public regulation for NPO are unavailable
- ❖ Limited statistic prevent from describing number of NPOs

What is the Korean Civil Society?

4. Public law concerning transparency of NPOs

Title	Initiating body	Description
Income Act	Ministry strategy and Finance	<ul style="list-style-type: none"> -Addition of penalty on issuing fake receipt of contribution in 2006 -Tighten regulation on NPO registered by tax benefit association in 2007 -New regulation on storage of receipts for donations in 2008 -Addition of two penalties on NPO's violation of regulations in 2008 -Issuing identification number of NPO and new regulation related with investigation on NPOs in 2008 -Clarification on categories of public interests in 2011
Inheritance tax and gift tax act	Ministry strategy and Finance	<ul style="list-style-type: none"> -Adjustment on types of NPOs(Private association included as tax benefit association) in 2007 -Balance sheet and operating statement are included in reporting documents in 2007 -Bank account for essential business of NPO is obligation duty in 2008 -Public announcement of NPO's reporting documents on National Tax Service's website in 2008 -Review on NPO's tax reports by outside tax consultants in 2008 -public announcement of NPO's tax reports is obligation duty in 2011(total asset over KRW 500m)
Act on collecting and spending of donation	Ministry of public administrative and security	<ul style="list-style-type: none"> -Policy change on registration of NPO from request/approval to application) -Prohibition clause on solicit tenaciously for contributions -Adjustment clause on expenses of raising contributions -Policy on submission of compulsory audit report for NPOs

*Source: Improve recognition and transparency in sharing activities, Kyung seo park, 2011

What is the Korean Civil Society?



Public announcement of NPO's Reporting documents

Initiating body	National Tax Service
Date of adoption	2008
Area covered	Social well-fare, Education, Health/Medical, Religion, Scholarship, Arts & Culture and Others
Web address	http://www.nts.go.kr
Description	<ul style="list-style-type: none"> -The public regulation concerning NPOs transparency -6,094 NPOs disclose information (As of Dec.9, 2011) -Redundancy occurred -Required to total asset 1 billion -Balance sheet, Income statement, Fundraising bill of expenditure, Statement of governance etc.

Which trends emerged in?

1. Increasing interest in Transparency by donor

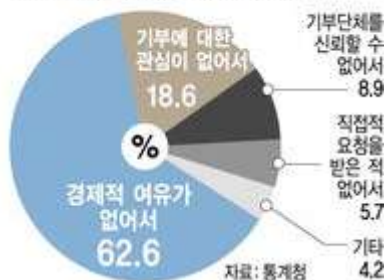
기부하는 가장 큰 이유



❖ Main giving reasons

- Motivation from philanthropy(43.3%)
- Recommendation from charity(28.3%)
- Private belief(14.9%)
- Religious reason(7.9%)
- Others(5.6%)

기부를 하지 않은 가장 큰 이유

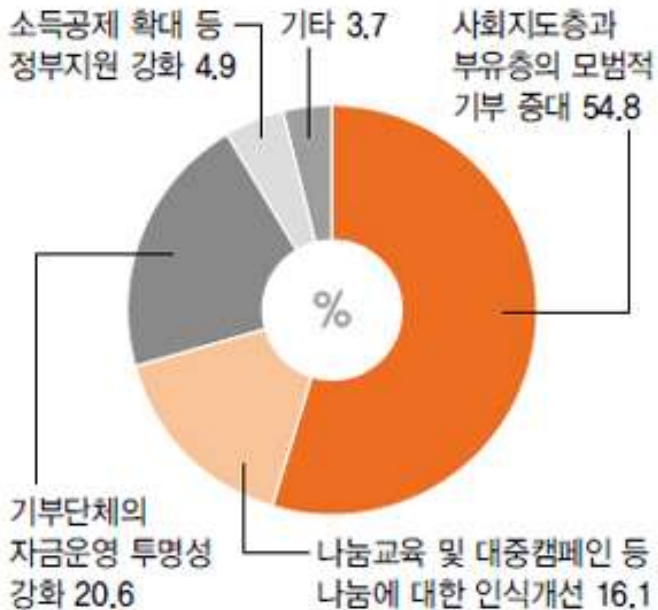


❖ Main non-giving reasons

- Unaffordable to giving others(62.6%)
- Less interests in giving(18.6%)
- Lack of trust(8.9%)
- No giving experience(5.7%)
- Others(4.2%)

Which trends emerged in?

기부문화 확산을 위해 필요한 것은



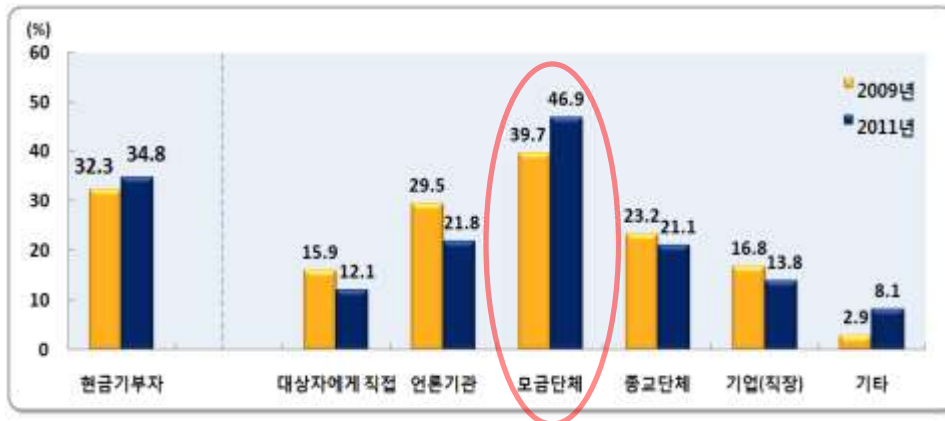
❖ Requirements for giving culture

- Noblesse oblige(54.8%)
- Financial Transparency of NPO(20.6%)
- Opportunities of giving education, public campaign etc.(16.1%)
- Tax beneficiary & giving friendly environment(4.9%)
- Others(3.7%)

*Source: survey of giving culture, statistics Korea, 2011

Which trends emerged in?

2. Increasing demands on Transparency by NPO



*Source: survey of giving culture, statistics Korea, 2011

❖ Giving Routes(2011)

- Charity (12.1%)
- Media: ex.ARS giving(21.8%)
- Community Foundation(46.9%)**
- Religious organization(21.1%)
- Corporation/Company (13.8%)
- Others(8.1%)

More **the public** wants to **know**;

Vision and mission statement, code of ethics, conflict of interest policy, audited financial statement, information on program, annual report & regular report on accomplishments, information on accreditation, list of board member and office and staff , list of contributor

Information disclosure is becoming more inevitable part of NPOs operation.

on the GuideStar website is one of best way conducting NPOs self-regulation

Which trends emerged in?

3. NPO transparency: Disclosure of information to the public

Beyond scale of assets

Obligation of NPOs to publish data about NPOs operation;

- Organizational data
- Financials data
- Programatic data

An NPO is transparent ;

Open its information to the public such as donor, politician, government, funder, and other beneficiaries.

Transparency through information disclosure;

Is toward more of increasing NPO's accountability of its goal, objectives and activities

Which trends emerged in?

4. Accountability: self- assessment

❖ Comprehensive standard for NPO accountability had not yet been developed. Settle the initiating type, recommend to do self-assessment

Compliance with legal
governance

Good governance

Reasonable financial
management

Legal fundraising
management

Information disclosure

Which trends emerged in?

5. Case study: Kids & Future Foundation



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Welcome

Kids&Future (K&F)

Global Partner of IYF (International Youth Foundation)
Certified by IYF for financial transparency and expertise in project operation.

We would like to express our deepest appreciation for your dedication and love
K&F promises again to support kids and youth in the best of our ability and to
continue providing transparent information to donors.

Internal control

1. Board of director

2. Ethic code/guideline

3. Self assessment tool

4. guideline of financial management

External Control

5. Financial Audit

6. Report to officials

Information disclosure

7. National Tax Service

8. GuideStar Korea

9. Annual report

Award

10. Estimation organization from outside

How GSK works for civil society?

1. History

2004 First contact with GuideStar USA

2005 Strategic tie with International GuideStar
The 1st GuideStar alliance's annual assembly participation

2006 Advocacy to Korean government
Execution committee with 7 organizations(Community Chest of Korea)
Signed MOU with Guidestar Alliance

2007 Inaugural meeting for the GuideStar Korea Foundation
Open website and introduce Civil Society Information System

2008 Corporate with the Ministry of Finance and Economy; raising importance of NPO's Transparency
Registered by the Ministry of Finance and Economy

2010 hold public hearing on amending NPO information disclosure form,
Launch updated Civil Society Information System on the website



How GSK works for civil society?

2. International cooperation with GuideStar alliance



The 2nd GuideStar International Assembly (Sep. 2007, London)



'International conference on NPO accountability 2010' with Taiwan NPO Self-Regulation Alliance (Nov. 2010, Taipei)



'Social meaning and role on financial disclosure of NPO' seminar with GuideStar International (June 2008, Seoul)



Techsoup global Meeting (Apr. 2011, Seoul)



GuideStar International visit to GSK (Oct. 2009, Seoul)



'1st International conference on sharing' with GuideStar USA (Jun.2011, Seoul)



GSK visit to GuideStar USA toward mutual cooperations (Oct. 2010, Virginia)

How GSK works for civil society?

3. Organization

Board of director

The Korean Institute of Certified Public Accountants

The Korea Chamber of Commerce & Industry

The Federation of Korean Industries

World Vision

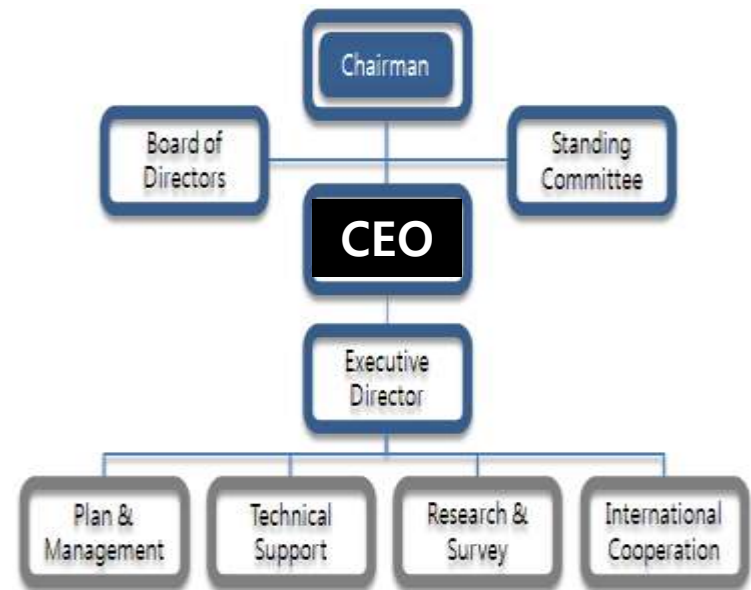
Yonsei University

PricewaterhouseCoopers Korea

The Construction Association of Korea

Deloitte Korea

Kids & Future Foundation



How GSK works for civil society?

4. Mechanism of Civil Society Information System by User

Non Profit Organizations



Donors(potential)



CSIS

<http://www.guidestar.or.kr>



Laws/Regulations



Corporate Social Responsibility
/Operating foundation



Research/Statistic

How GSK works for civil society?

5. Mechanism of CSIS by data accumulation

**National Tax Service
(tax exempt status)**

- Approximately over 6,000 NPOs in 2010
- NPOs covered by tax law
- Start to 2012 by the new law

**Self-reported from
Non Profits Org.**

- Over 1,972 NPOs in the CSIS
- Most of NPOs are voluntary organizations

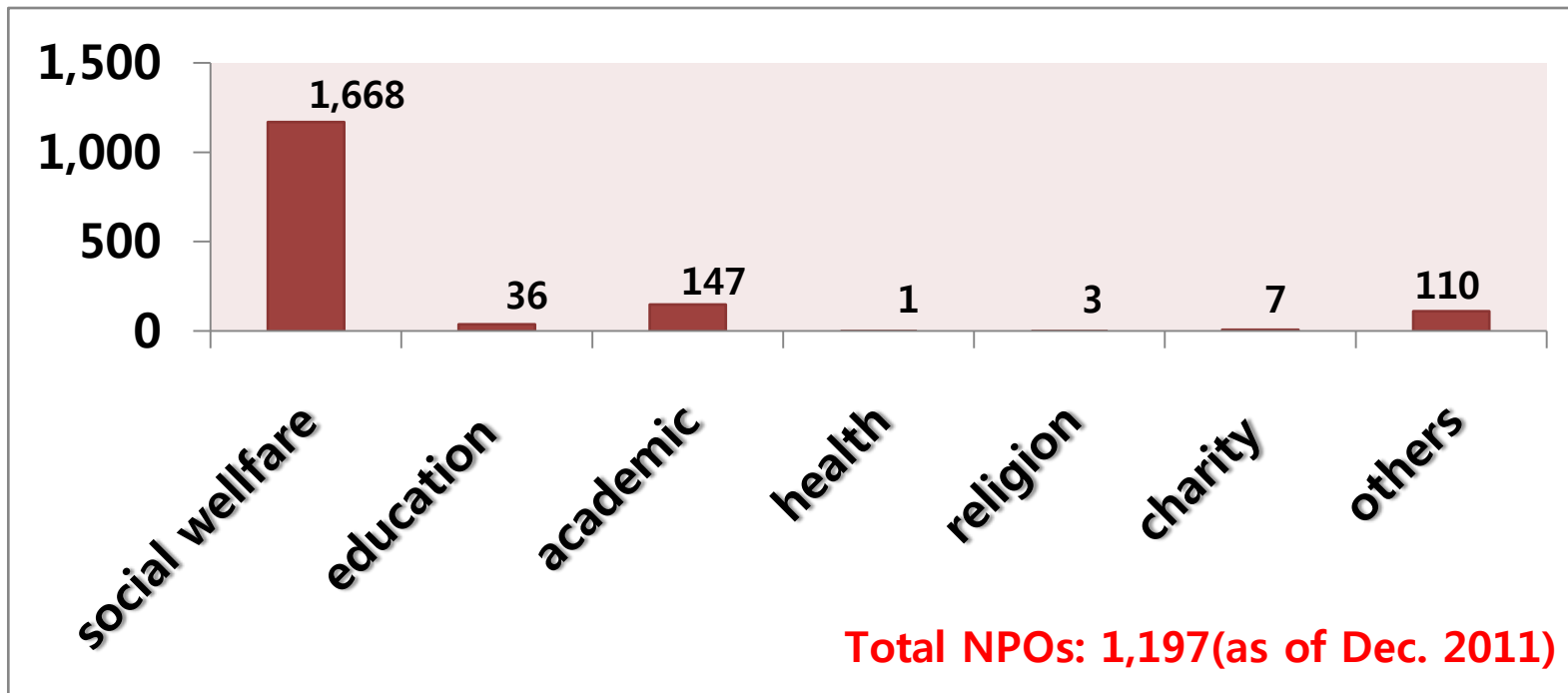
**Local Gov./other's
Accreditations**

- Expect to cooperate with local governments/
large sized community foundations

Accumulation of database will be basic activity in 2012

How GSK works for civil society?

6. Analysis of number of NPOs on CSIS



How GSK works for civil society?

7. Achievements

- ❖ NPO's Information sharing through the **F10-NPO**
- ❖ 'Statistic & Research' using accumulated data in CSIS
- ❖ Education Program
: Increasing NPO's operational competency & ability
'NPO's financial management course(online/offline)'
- ❖ Conference & Seminar
:purpose to develop a culture of transparency & accountability
- ❖ Partnership with abroad civil sector
- ❖ Partnership with government

F10-NPO	비영리단체 정보공시 원석	2010
<p>▶ 비영리단체 정보공시 원석의 의미</p> <p>- 비영리단체의 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p> <p>- 본 사이트는 비영리단체의 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p> <p>- 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p> <p>- 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p>		
1. 개요	비영리단체의 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.	
2. 운영기관	비영리단체정보공시위원회	윤치영
3. 사업목적	비영리단체정보공시	11807-10000
4. 주요내용	비영리단체정보공시위원회	
5. 연락처	비영리단체정보공시위원회	
6. 운영기간	2010-01-01	
10. 주요성과/근거	비영리단체정보공시	비영리단체정보공시
11. 수혜대상/결과	비영리단체정보공시	
12. 웹사이트	http://www.nonprofit.or.kr/	
13. 담당부서	비영리단체정보공시위원회	
14. 담당인원	비영리단체정보공시위원회	
15. 사업내용	비영리단체정보공시위원회	
16. 연혁	비영리단체정보공시위원회	
17. 사업효과	비영리단체정보공시위원회	
18. 연혁	비영리단체정보공시위원회	
<p>본 사이트는 비영리단체의 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p> <p>본 사이트는 비영리단체의 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p> <p>본 사이트는 비영리단체의 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p> <p>본 사이트는 비영리단체의 투명성과 신뢰성을 높이기 위한 목적으로 개발되었습니다.</p>		

How GSK works for civil society?

<http://guidestar.or.kr/>

Basic information

☑ 사회복지법인 아이들과미래

기본정보

- 기관명: 아이들과미래
- 대표자: 김민희
- 소재지: 서울특별시 강남구 테헤란로 123
- 연락처: 02-1234-5678
- 홈페이지: http://www.kidsfuture.or.kr

Financial details

재정현황

구분	부담금(천원)	비율	연계금(천원)	비율
A. 후원금(천원)	2,000,000,000	100%	2,000,000,000	100%
B. 기금(천원)	5,000,000,000	100%	5,000,000,000	100%
C. 수익금(천원)	100,000,000	100%	100,000,000	100%

Programatic details

사업비(천원) 1,822,755 원

프로그램	기금(천원)	사업비(천원)
1. 아동복지사업	1,000,000,000	1,000,000,000
2. 노인복지사업	500,000,000	500,000,000
3. 장애인복지사업	300,000,000	300,000,000

How GuideStar impact on ?

The new act will be added to the inheritance tax act and gift tax act;

“Chief of National Tax Service can provide NPO’s financial documents on the National Tax Service website with one of the NPOs designated by the president of Republic of Korea”

<purpose> to improve NPO’s transparency as a principle of self-regulation
<enact period> from 2013 1.1

So, we expect to answer the following questions

- ❖ Number of NPOs at the end of specific year
- ❖ Number of NPOs established during last 10 years
- ❖ Percentage of population that has access to a NPOs
- ❖ Total sum of grants made by community foundation every year
- ❖ Total sum of the income/donation scale every year
- ❖ Total sum of assets scale of NPOs