

Tri-partite Partnership among Government, Business and the Third Sector
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Japanese Civil Society - Quest for Partnerships

Hideko Katsumata
Managing Director and Executive Secretary
Japan Center for International Exchange

Dear Friends,

Thank you very much for inviting me to speak about Japan at this important gathering. Cultivating partnerships among governments, businesses, and civil society in order to effectively responding to the needs of society has become one of major challenges facing every country and its people.

Japanese society has long been regarded as a stagnant so far as the civil society movement is concerned. However, both external and internal factors—including the current government proposal to reform the civil society sector—has drawn greater attention to the improvement of the civil society sector in Japan.

1. International and Domestic Environment

Over the past two decades, we have witnessed a number of major important developments that have helped reshape the world order: the end of the Cold War and the resurgence of ethnic conflict; the rise of the middle class and democratization movements; globalization and growing transnational movements of people; the IT revolution; and the emergence of new security agendas. Needless to say, 9-11 has had an unprecedented impact on the international community. All these factors have made it increasingly difficult for the government of any single nation state to handle its problems on its own and have made it more and more important to forge partnerships with other countries, other sectors, and international institutions. It is against this background that civil society has been recognized as the third key actor in global as well as in domestic affairs.

For example, Japanese society has been deeply affected by the wave of globalization as

well. Japan is no longer a homogeneous society. In 2001, one out of 20 new marriages in Japan was an international marriage; that is one or both of the partners was not of Japanese descent. As of 1997, one out of 14 babies born in the Tokyo area had at least one parent who is not Japanese. Today, Japanese society is becoming much more pluralistic and people's concerns and interest are becoming more diverse. Yet the Japanese societal system and its legal framework are not ready to adjust to such changes.

2. The Evolution of Civil Society and its Relationships with Government and Business

In the late 1960's and 1970's, during its early years, Japan's NGO movement was characterized by its anti-government, anti-corporate position. It was seen as a citizens' movement against the war in Vietnam and against pollution generated by the big business. Since then, so-called citizens' activities have been perceived as left-wing and marginalized in the governance of society.

Partnerships did not spring into existence instantly. Rather, they evolved out of many efforts and mishaps. In the 1980's, people started to create NGOs providing services related to refugees and environmental issues, although they still were involved in advocacy. Meanwhile, as Japan's economy grew in the mid-1970s through the 1980s, Japanese business began to invest overseas, where they faced protests about their business conduct and came to recognize the importance of corporate philanthropic activities in the community. It was for the first time that they learned about "corporate citizenship" and to see citizens and communities as their "stakeholders". Between 1986 and 1996, Nippon Keidanren (Japan Business Federation) sent missions to United States twice, as well as to Europe and Asia, to study corporate philanthropy and partnering with NGOs. My organization, the Japan Center for International Exchange, had a pleasure of organizing these four missions in cooperation with Keidanren.

In the mid-1980's, citizens in local communities around Japan began creating various nonprofit, voluntary groups. Around that time, the central government sent directives to each prefecture to establish volunteer organizations to promote international exchange, and similarly in the early 1990s, after the UN Womens Conference, to create women's centers, and in late 90's to encourage the creation of NPO support centers. All of these developments helped nurture an environment conducive to partnerships.

However, the most dramatic and galvanizing incident was the tragic Great Hanshin Earthquake in January 1995 which took the lives of more than 6000 people. 1.3 million volunteers and NGO representatives flooded into Kobe on their own and engaged in remarkable rescue activities while the government bureaucracy fumbled its response. In Kobe, businesses and NGOs quickly partnered, as corporations provided products such as helicopters, motorcycles, mobile phones, office machines, and supplies for the use of NGO teams, and also sent their employees to assist. This event was a watershed for Japanese civil society in terms of the recognition of its important contributions, as well as in cultivating a spirit of cooperation between business and NGOs.

3. Enactment of the NPO Law

In March 1998, the new NPO Law was promulgated, which dramatically simplified the official authorization process, allowing many smaller nonprofit organizations to be created. Until then, Japanese nonprofit corporations were regulated by a hundred year-old civil code which required that organizations incorporated as foundations or associations go through a long and rigid approval process. In addition, they had to demonstrate they had a substantial endowment and operating funds of 300 million yen, which would have to be raised beforehand without any tax incentives. As of today, there are only 26,000 of these foundations and associations.

The regulatory framework made it extremely difficult for citizens to freely engage in activities through nonprofit organizations. In the mid-1990's, it was estimated that there were over 85,000 active unincorporated nonprofit organizations which were unable to gain official legal status. As a result, individual members had to personally shoulder the risk of contracting for office space and phones, opening bank accounts, and so on. NGO leaders, in cooperation with business leaders, lobbied Diet members to change the law, and eventually succeeded in creating more favorable legislation for non-profit activities, although tax incentives are still extremely insufficient. Under this new NPO Law, 18,500 organizations have been incorporated and 26 have received tax exempt status.

4. Partnerships

In general, Japanese civil society organizations and business do not take a confrontational stance toward government, but rather seek ways to cooperate. In August 2000, the "Japan Platform", a scheme to provide emergency relief in the case of

natural disasters and refugee crises, was established in cooperation with NGOs, the government, and the business sector. This is an equal partnership that makes full use of each partners' resources and capacities. The governing body is comprised of one representative each from government, business, academia, and grant-making foundations, as well as two representatives from member NGOs. In order that member NGOs can mobilize and carry out relief activities immediately, the Japanese government provides funding at the outset of each fiscal year. In case of FY2004, one billion yen was budgeted for general emergency relief and 1.7 billion yen for humanitarian assistance for the Iraqi crisis. Japanese businesses and individuals also contribute funding, as well as technical assistance, equipment, personnel and information. Currently 16 NGOs are participating in this scheme, and their projects include; humanitarian assistance in Iraq, earthquake relief in Western India, refugees and reconstruction assistance in Afghanistan, assistance for agriculture reconstruction in Zambia, and so on. This is the first scheme of its kind in Japan, and challenges include building public support and promoting coordination among more of the parties that are engaged in international emergency assistance. They now realize that their mission will not be completed unless they can commit to engaging in the reconstruction process after the initial crisis ends. However, for the time being, the scheme is limited to emergency relief, and the question of how to expand its mission over the long-term is another challenge that has to be overcome.

Another example is the Japan Alliance for Humanitarian Demining Support (JAHDS), an NGO established at the initiative of an entrepreneur who realized that his business's technology for detecting cavities under roadway surfaces that could become potholes would also be useful in detecting landmines. Several Japanese manufacturing companies including Secom, Toyota, Sharp, and Omron have joined this effort and are providing funding as well as contributing products. They are also seeking support from the Japanese government through its ODA program.

Although it does not yet involve the government, one noteworthy set of domestic activities is the "NPO internship programs" for college students that companies are setting up. Realizing how important it is for the younger generation to understand the role of civil society, Nissan Motor Company began providing opportunities for students to gain experience with NGOs. They select various kinds of NGOs and support students as they work as interns for up to 300 hours. This has proven to be very effective and several other companies have started similar programs.

If you visit any of the local community, you will find several examples of partnerships among local government, local businesses, and NGOs. As I mentioned, the national government sent directives at various times to each prefectural government to encourage the creation of international exchange associations, women's centers, and NPO support centers to be operated by nonprofit organizations with funding from the local government as well as private sources. This scheme is called the 'Third Sector Scheme,' a different usage from the 'Third Sector' of this seminar. This functions well in some cases, and not in others. Since these centers tend to be controlled by the local government, which uses the nonprofit organization as merely their subsidiaries, they have had difficulty in maintaining autonomy. However, since the NPO Law was created it has become the business of the prefectural government to receive applications from NPOs for recognition, and this has given prefectural governments more opportunities to learn about the kinds of organizations and activities in their prefecture

NPOs and NGOs has been mostly favorable in tone, reflecting an awareness that they involve more positive citizen participation than some of the public interest corporations that operate under government instruction. However, public distrust of nonprofit activities is overriding the favorable impressions of nonprofit, grassroots activities since the amount of public funds poured into these public interest corporations has been so great.

In response to public sentiment, the government has started to explore drastic measures to reform the system of regulations governing public, nonprofit organizations. A "Basic Framework of the Reform of the Public Interest Corporation System " was decided at the Cabinet Meeting on June 27, 2003.

Its basic guidelines propose restructuring the class of nonprofit organizations regulated by the Civil Code. This involves shifting the incorporation process from an approval process to a less strict registration process, and decoupling incorporation and the granting of tax treatment. Instead, tax incentives and other benefits would be given only to corporations whose activities are deemed to significantly contribute to the public benefit, and the "public good" will be judged by new standards and methods. Currently, heated arguments are going on as to who or what kind of organization decides the public good.

An advisory council consisted of 14 experts and representatives from various sectors, on which I am serving as a member, was organized in November of last year and we are having a series of detailed discussions about the new system. The Council will submit a report at the end of this year, so that legislation will be prepared by the end of March 2006. Depending how this legislation is designed, it may give the government greater or less power to control the nonprofit sector by changing the criteria for tax exemption and through other regulations. While government agencies recognize how important it is for nonprofit organizations to retain autonomy and independence and some try to give more flexibility, they will also have to start more closely supervising and regulating the organizations under their jurisdiction.

The relationship between government and the civil society in Japan has been somewhat ambivalent. Leaders in the Japanese nonprofit sector have been advocating revisions in the legal and administrative framework in order to minimize government control of the activities of civil society organizations. Still, gaining greater autonomy has been a major

challenge since the government's discretionary control over the nonprofit sector is a basic principle of the current legal framework. Therefore, awareness is growing within the sector of the need to improve internal governance at its own initiative as a countermeasure before promoting legal revisions.

This grows out of a belief that each civil society organization should be accountable, transparent, and self-governing. The very spirit of civil society organizations is rooted in spontaneous, pioneering entrepreneurship. In Japan, we have learned that partnerships between civil society, government, and business are necessary in order to meet the increasingly pluralistic needs of society. However, these partnerships must be entered into on equal footing and each partner must retain its autonomy if they are to be fully effective.

Thank you.