Japan

SATOKO ITOH[1]

INTRODUCTION

There is an increasing consciousness in Japan, and among civil society leaders in particular, about the need to improve the internal governance of civil society organizations[2]. This consciousness reflects, in part, the growing influence of civil society in recent years and the concomitant public scrutiny about its legitimacy and the appropriateness of its activities. On another level, it is necessary to dispel the generally accepted notion that the government decides what is of public interest. Strengthening internal governance is a prerequisite for civil society to reduce the discretionary power of government agencies and to become a more dynamic, innovative force and an agent of change in society. Civil society leaders feel that there should be better governance in the nonprofit sector in order for the organizations to become credible actors in society, and to be more effective in responding to new and complex domestic and global issues.

Organizational or internal governance may be interpreted in many ways depending on organizations and social frameworks. The term "governance" here refers to the capacity of self-governing, or having the autonomy and self-discipline to be able to decide on and accomplish a mission through individual initiative without being placed under another's rule. Because Japanese nonprofit organizations have become so accustomed to being under government supervision and protected from market competition, it cannot be denied that there was not much consideration for governance.

The nonprofit sector in Japan is undergoing a rapid transition that includes the revision of the nonprofit legal framework, which has been long criticized for its shortcomings. As the existing government-ruled framework is showing wear and

---

[1] This paper has been written in consultation with Tadashi Yamamoto, president, and Hideko Katsumata, managing director and executive secretary, of the Japan Center for International Exchange (JCIE).

[2] In discussing governance of nonprofit organizations in Japan, the issue has been published from a relatively early period for that of coops and unionsconsumers' coo-peratives. For public interest corporations, however, the debate has only recently been given attention, as in the publications by Katayama (2002a, 2002b) and Iriyama (2003) Iriyama (2003).

tear, greater autonomy for civil society organizations is being sought and leaders are trying to set up a new framework based on their self-governing capacity. Good internal governance is a prerequisite to moving away from government control, and is also the central theme for the creation of a new framework.

The direction of the transition is yet uncertain. Recent history shows the environment surrounding civil society torn by a dichotomy of strengthening government control and promoting an enabling environment for civil society. The series of discussions now taking place on administrative reforms concerning the nonprofit legal framework is but one example. In the turmoil, discussion on governance at times tends to highlight aspects of self-discipline lopsidedly and loses the focus of organizational effectiveness.

DEVELOPMENT OF THE NONPROFIT SECTOR

Japanese society has witnessed rapid and extensive development of the nonprofit sector in the past few decades. Civil society organizations in this growing sector consist of traditional public interest corporations (foundations and associations) incorporated under Article 34 of the Civil Code; organizations governed by special laws, including specified nonprofit corporations (NPOs) and social welfare, educational and medical corporations; charitable trusts incorporated under the Trust Law; and mutual benefit nonprofits falling under the *chukan hojin* law. In addition to these there are some 85,000 organizations throughout the country operating as citizens' groups or volunteer organizations without formal and legal status. The number of volunteers is said to surpass seven million. The nonprofit sector in Japan is thus a gathering of highly diversified individuals and organizations.

This discussion on governance will focus on the two most representative types of civil society organizations, namely, public interest corporations and specified nonprofit corporations known more familiarly as incorporated NPOs.

Public Interest Corporations

Public interest corporations are the nucleus of the Japanese nonprofit sector. They are the approximately 26,000 organizations incorporated under Article 34 of the Civil Code enacted in 1898 and can be categorized into two types: an incorporated foundation based on endowments and an incorporated association based on membership, with both working for public interest objectives. Aside from the 1,300 or so organizations created before 1945, most of these organizations gained incorporated status in the high economic growth era from the late 1960s onwards. Their activities cover a wide range of fields, as indicated in Table 1. Annual income may range from under ten million yen (USD$83,000) to over 700 billion yen

($5.8 billion). Some may not have any full-time staff, while others have over 20,000 hired staff. However, the vast majority are small-scale organizations.[3] To be incorporated as a public interest corporation, an organization must first be authorized by either an appropriate national or local government agency. Of the 26,000 organizations with legal status, approximately 27% have been authorized by national government agencies, and 73% by prefectural authorities.

Public interest corporations can be divided roughly into two groups by the nature of their activities: those performing services on behalf of government agencies and those motivated by non-governmental initiatives. The former group of public interest corporations often receives funds from government sources (especially from local governments) upon establishment and also relies heavily on them for their operations. They are also closely connected to government agencies, often inviting former government officials to act as CEO and executive director. The latter group is usually funded by individuals and corporate supporters, and relies very little on national or local government agencies for funding and personnel. The former includes many large-scale organizations, while the latter usually consists of those operating on a very small scale. A distorted image of public interest corporations in Japanese society sees them as being affiliated with or nearly synonymous with government agencies. However, it is estimated that only 28% of all public interest corporations perform duties on behalf of government agencies, while 72% are supposed to be pursuing programs of their own initiative.[4] Yet because the public interest corporations are placed under strict government scrutiny, they tend to be considered closely related to government agencies.

NPOs

The other most important actors in the Japanese nonprofit sector are new types of civil society organizations and citizens' groups at the grassroots level, the emergence of which has been encouraged by the enactment of new legislation on NPOs. These organizations have been gradually gaining power since the 1960s, starting with anti-pollution activities, followed by environmental protection, local social welfare programs, and international cooperation. Most of them found the requirement for substantial assets and the rigorous approval process to be too high a hurdle to file for public interest corporation status and thus continued their activities without legal status. Just as the need for lowering the hurdle was being discussed, the Great Hanshin-Awaji Earthquake of 1995 occurred. A total of 1.3 million volunteers gathered to aid in the rescue of earthquake victims and proved

---

[4] Only 1% of all public interest corporations has an annual income of over \10 billion. The median of annual income per corporation is \59.65 million and that of staff number is three. (Ministry of Public Management 2002, 51-54).

[5] Hayashi and Iriyama (1997, 60).

their effectiveness over government involvement in dealing with disaster relief. The heightened esteem for voluntary, non-governmental activities by Japanese society led to the passage of the NPO Law (officially, the Law to Promote Specified Non-Profit Activities) in 1998.

The new law enables newly created civil society organizations and grassroots citizens' groups to be incorporated, without having to possess large assets, through a relatively simple process compared to that required for public interest corporations. NPOs must meet the necessary formal requirements and seek authentication from the governor of the prefecture where the proposed organization is located or the cabinet office in the case of NPOs with offices in at least two prefectures.

In the four years since the enactment of the law, more than ten-thousand organizations have been incorporated in the twelve areas of activities originally set forth in the NPO Law (see Table 2). Today, more than 300 organizations are being incorporated every month throughout the country. Over 70% of existing NPOs are budding organizations created after the 1995 earthquake, operating mostly with limited capital and staff and facing serious financial challenges. With minimum government control, these emerging NPOs are able to pursue self-initiated, innovative activities and are starting to play an important role in the pursuit of public interest.

As Japanese society faces more and more diversified issues resulting from globalization, a falling birthrate, and the aging of society, the government and local administrations are no longer capable of sufficiently addressing public needs. Expectations are growing for civil society organizations to play a more active and flexible role with their comparative advantage over bureaucracy in responding to social needs. Their range of activities are expanding from the conventional activities of offering social services to more active policy-oriented advocacy programs as well. They are now serving a greater role as change agents. There are now increasing number of cross-sectoral programs being pursued between the nonprofit and other sectors, such as with the national or local governments or with business enterprises. Within the nonprofit community itself, the traditional-type public interest corporations and newly formed grassroots organizations are entering into cooperative relationships and joining hands to pursue missions for the betterment of society.

KEY FACTORS PROMPTING INTERNAL GOVERNANCE

This development of the nonprofit sector and the raised profile of its activities have brought to light the question of legitimacy of nonprofit organizations. The debate on corporate governance of business enterprises has put pressure on civil society organizations to enhance their accountability and transparency. Within the nonprofit sector itself, there is a rising awareness of the need to improve internal

governance, if not in the whole community, at least at the leadership level. There are three interrelated factors behind this surge of awareness.

Scandals and Decline in Public Trust

The most direct cause for questioning the governance of civil society organizations is the repeated reporting of misconduct. Scandals are not unique to nonprofit organizations. However, because they are given more preferential tax treatments, higher moral conduct is expected of them, as compared to for-profits, and misconduct tends to stir greater public criticism, especially concerning public interest corporations.

The Japan Association of Charitable Organizations (JACO) analyzed the 131 cases of misconduct reported in newspapers in the five years between January 1998 and December 2002. It found that only 21 cases were associated with individuals, while the remaining 110 involved entire organizations. There are several patterns in the cases reported, including problems with the appointment of former bureaucrats, large politically tied donations, excessive executive compensation, illegal transactions, tax evasion, embellished accounting, deviation from pursuit of the public interest, failed fund investments, and numerous others. Most instances of misconduct could have been prevented had there been a proper system of checks and balances. Of the 110 cases, 44 even involved the supervising authorities, revealing inadequacies in internal monitoring systems within the corporations and also on the part of the authorities.

Some of the misconduct cases have been taken up in Diet sessions, often resulting in tightened government supervision. Although only a handful of public interest corporations have been criticized for misconduct, their impact is widespread and has led to a degraded image of the entire community of public interest corporations. The two major criticisms arising from the series of scandals are the lack of transparency in the relationship between public interest corporations and the bureaucracy, and the question of legitimacy of these organizations in carrying out their work in competition with private enterprises while receiving preferential tax treatments.

Quite contrary to the negative reporting of public interest corporations by the media, newspaper coverage of the newly formed NPOs is mostly favorable in tone, as these organizations involve more positive citizen participation than some of the public interest corporations operating under government instructions. Unfortunately, there have been abuses on the part of NPOs reported since 2002, revealing deviation from public interest objectives or violation of laws. Opinion polls conducted on NGOs involved in international cooperation in developing countries show that the level of recognition for the term NGO has doubled in the two-year interval between 2000 and 2002; at the same time, however, the credibility of NGOs has declined in percentage.[6] As the arena of

NPO activities expands and diversifies, the distinction between them and for-profit activities will become unclear and may result in competitive rivalry. Unless the level of accountability and transparency is enhanced for NPOs, criticisms will grow. Governance will inevitably become a key issue for those NPOs trying to strengthen their mechanisms of self-discipline and attempting to maintain public trust.

Discretionary Control of Government Authorities

Another reason for the greater awareness of internal governance is the desire among NGOs to minimize government control over public interest corporations and gain more autonomy. Too many aspects of NPO activities fall under government discretion. For incorporation of a public interest corporation, approval is left to the discretion of the supervising agency, but without any clear criteria on what is defined as "public interest." Even after approval, program areas are confined to those under jurisdiction of the authorizing agency, at times even narrowed to individual divisions or departments within an agency. There are no clear criteria for eligibility for tax-deductible contributions. Rather, such decisions remain at the discretion of the authorizing agency and the Ministry of Finance. Strengthened administrative guidance and supervision put too much emphasis on formalities, and tend to rob the staff of the precious time they need to carry out their mission.

Discretionary control by government authorities tends to impede civil society organizations from freely undertaking innovative and pioneering activities of a voluntary nature. Leaders in public interest corporations have long been advocating revisions in the legal and administrative framework. They see the new, more legally enabling NPO environment as an encouraging sign to further press for their own reforms. The new NPO Law, by incorporating a requirement for public disclosure, makes an attempt to eliminate government discretionary control by having NPOs be directly responsible to the public. Similarly, the tax system now provides clearer criteria for tax-deductible contributions to NPOs. Although the hurdle still remains high, it is one step closer to having objective qualification criteria. To introduce similar revisions to the system governing public interest corporations, internal governance is a prerequisite that needs to be established at corporations' own initiative rather than under government guidance.

Role in Contributing to Social Governance

The surge of interest in internal governance does not simply stem from the desire to reduce government control or resolve scandals. The third and most important factor behind the rising awareness is the need felt within the sector to

[6] Foster Plan International Japan (2002).

improve organizational effectiveness of civil society organizations in order to build public governance.

Development of civil society is essential to establishing governance of the society. Japan has long been accustomed to being governed by a powerful government. However, even such a country cannot escape the worldwide phenomenon of moving toward a more cooperative form of governance involving various actors in society. To ensure the same movement toward governance in Japan, the nonprofit sector must first be able to win public trust as a responsible member of society. Civil society leaders are making diverse efforts to strengthen accountability and transparency such that they can withstand monitoring and evaluations by funders and beneficiaries alike. Measures are also being considered for developing and training human resources and advancing networking to be able to address increasingly complex and challenging social and global issues.

EXISTING FRAMEWORK FOR INTERNAL GOVERNANCE AND GENERAL PRACTICE

In considering the question of internal governance, the role of the governing body and the system of disclosure are critical elements to focus on.

Governing Body

Public Interest Corporations

The role of various actors governing Japanese public interest corporations is only loosely defined by law, supplemented by administrative guidance and, for the most part, remains a mere formality.0The general practice delineated below of how much of the regulations are dismissed as formalities and which are actually put into effect is based on a survey conducted by the Japan Association of Charitable Organizations (JACO) of approximately 750 public interest organizations from 2001 to 2002.[7]

Legal/Administrative Framework[8] and General Practice

Trustees

The Civil Code states that trustees represent the incorporated organization, and are charged with carrying on the business of a corporation. However, the responsibility of trustees is not clearly delineated in the Civil Code and is interpreted as entailing fiduciary responsibility and the exercise of due care with respect to the

[7] For the detailed results of the survey, see Japan Association for Charitable Organizations (2002, Appendix).

[6] About the legal framework of the Japanese nonprofit sector, see Amemiya (1998, 1999) and Yamaoka (1999).

business. The method of the selection of trustees is likewise not indicated in the Civil Code; rather, it appears in "The Standards for Permitting the Establishment of Public Interest Corporations as well as Guidance and Supervision Thereof (hereafter referred to as the Standards),"[9] as agreed to by the Cabinet in 1996. Accordingly, trustees shall be selected by councilors in the case of foundations and through a general meeting of members for associations.

In general practice, the board of trustees is but a ceremonial institution for a little less than 60% of the organizations, with board meetings not lasting more than two hours. Unlike in the United States, the board normally does not have the responsibility for fundraising, nor does it play any role in nominating or firing the CEO. Although the board of trustees is legally designated as the "executing body" for carrying out the business of the corporation, this task is usually carried out by the secretariat. In actual practice, the board has neither the necessary information nor commitment to perform its duty and ends up simply giving approval to and endorsing whatever proposals or decisions are presented by the secretariat. About 80% of boards claimed to have no amendments introduced to agendas proposed by the secretariat. Among the trustees themselves, recognition for fiduciary responsibility is low (only about 20%) as top priority in responsibility is given to their members (61%) for associations, and to the founder (44%) for foundations. For more than half the organizations participating in the survey, nomination of trustees is left to the CEO and the executive director, with formal approval given by councilors.

Auditors

Auditors are not necessarily required. The Civil Code leaves their retainment to the discretion of each corporation, while the Standards stipulate retainment. The main duties of an auditor are to audit the assets, financial transactions and activities of a corporation, and to report any improprieties. There is no legal obligation to conduct an external audit (although it is strongly recommended by the Standards). Thus, the general practice is that the majority of associations and foundations conduct only internal audits and less than half have external audits conducted by (outside) certified public accountants. In general, auditors only read and sign documents prepared by the secretariat, especially in associations. For more than half the corporations, an "audit" is a mere formality lasting less than two hours.

The appointment of auditors follows the same practice as the selection of trustees, that is, by councilors for foundations and through a general meeting of members for associations. However, for about 60% of the organizations, the CEO and the executive director draw up a list of potential candidates, and people are elected by those whom they are to oversee.

[9] For the full English translation of the Standards, see Amemiya (1999, 115-162).

General Meeting of Members

The Civil Code sets forth that associations have a general meeting of members, an institution serving as the highest decision-making body. Any amendment to the articles of association, dismissal, selection of trustees, budget, and other important issues are determined at the general meeting of members.

Councilors

Councilors are not required under the Civil Code. Nevertheless, since a foundation does not have a general meeting, the Standards provide that in principle a foundation should have councilors to oversee the trustees. The Standards set forth that the selection of councilors is to be considered at the board of trustees meeting. The main duty of a councilor involves selection of trustees and taking part in important decisionmaking.

The survey revealed that the will of the CEO and the executive director are strongly reflected in selecting councilors, again resulting in having people elected by those whom they are to oversee.

NPOs: Legal Framework and General Practice of the Board of Trustees

As regards NPOs, the NPO Law simply stipulates that NPOs shall have three or more trustees and one or more auditors as its officers. There are no detailed regulations governing their activities such as the Standards set forth for public interest corporations. It is impossible to assess the overall picture of internal governance for NPOs as there are no comprehensive surveys on the subject, given that it is only less than four-and-a-half years since the NPO Law was promulgated and the number of NPOs is soaring rapidly. Since most of these organizations operate on a small scale, a trustee may often be concurrently serving as staff and thus demonstrate greater commitment to his/her organization and mission. At the same time, there are organizations with only a perfunctory board of trustees similar to some public interest corporations. According to a survey conducted by the Research Institute of Economy, Trade and Industry (RIETI), about 22.4% of NPOs undergo external audits, while 67.4% do not. Only 11.4% of the NPOs surveyed have a board of councilors supervising trustees, while 80.0% have none.[10] All in all, these figures indicate a low level of governance among NPOs.

Public Disclosure

The Freedom of Information Act was put into effect in April 2001, requiring disclosure to government agencies. The new act called attention to the importance of disclosure to the public. The rise of the internet has also greatly advanced access

[8] RIETI (2002, 34).

to information and has had an important effect on disclosure. Within the nonprofit sector, there is an increasing awareness that it is not enough to meet the reporting requirements to the competent government agency, but that public disclosure is important for accountability.

Public Interest Corporations

Regulatory and Administrative Framework

The Civil Code has no provisions for public disclosure. Until the Cabinet Secretariat published the first directory of public interest corporations in 1993, it was impossible to ascertain public interest corporations at large. The Standards were the first document to set standards for public interest corporations, requiring that ten kinds of documents, including financial and programmatic statements (see Table 3), be made available for perusal at corporations' offices, and that the same information be submitted to the government agency with jurisdiction. Furthermore, the agency with jurisdiction is required to make the received information available for public perusal upon request.

The general diffusion of the internet in Japanese society spurred the momentum for advancing public disclosure. Cabinet meetings in 2001 decided on measures to urge the use of the internet for disclosure to government agencies, and strongly suggest electronic disclosure of their financial and programmatic statements whenever possible.

General Practice

Disclosure by Public Interest Corporations

According to a survey by the Ministry of Public Management, the majority of the 26,000 public interest corporations do disclose the ten designated documents, but the disclosure is usually in the form of hard copies and not often in electronic format. As disclosure is not legally required, but only suggested under government guidance, the practice has not penetrated the community of public interest corporations. Some cases have been reported of corporations refusing to disclose or to have copies made of disclosed information. As yet, the rate of disclosure through the internet remains very low. Only an average of 22% of public interest corporations discloses the above documents on their websites among the meager 27% of public interest corporations with a website.

Disclosure through Authorizing Agencies

Documents submitted by public interest corporations are available for perusal at the competent authorizing agencies. However, there is no data on whether or not visitors have made requests for disclosure. Disclosure via the internet has advanced rapidly in

the two years since the Cabinet decision in 2001. At present, each competent government agency has started to post online a list of all public interest corporations with basic information such as address, telephone number, name of the president, date of establishment, authorizing agency, etc., accompanied by a brief description of the organization. For those corporations receiving funds from government sources, the required ten documents are available in PDF format with more detailed government funding information (see Table 3) disclosed online. Outside the competent government agencies, the Ministry of Public Management has created a searchable database for all public interest corporations (http://www.koeki-data.org/) through which organizations can be searched. The disclosed content still remains limited to basic information, however.

For public interest corporations, comprehensive financial and organizational information submitted to the government is not targeted for disclosure. Since 1986, the government has been asking all public interest corporations to fill in a form to be submitted each year. The form is somewhat similar to IRS Form 990 in the United States and asks for financial and organizational information including details on income and expenditure, content of government funding, level of reserves, board composition and percentage of former government officials among trustees, executive compensation, and endowment donor information. The information gathered is used in compiling white papers on public interest corporations, but is not disclosed by individual corporations. Disclosure of this kind of information should perhaps be given more serious consideration.

NPOs

Regulatory and Administrative Framework

Unlike the public interest corporations without legal requirements regarding disclosure, the NPO Law stipulates mandatory public disclosure of eight documents (see Table 3) for NPOs. They must offer for public perusal the eight required documents on financial and programmatic information to any member or person involved with the corporation upon request. The said documents also must be submitted to the government agency with jurisdiction, who is also responsible for making them public upon request. Information on NPOs filing applications for establishment is also subject to public announcement (see Table 3).

General Practice

The NPO Law sets forth the ideal to respect the autonomy of NPOs and minimize government control by having them disclose information to the public to win public trust and be placed under public supervision. Yet the reality is still a long way from having the information available to the public in a readily accessible online format. Most of the information available is still in hard copy. Thus a system of public checks and balances is not in operation.

Given the low rate of 38% of all NPOs with a website,[11] the rate of disclosure via the internet would obviously be low. A system for perusal and reading through NPO documents at the government agency with jurisdiction is in practice, but doubt remains as to whether people actually pay a visit to the government agency for such a purpose.[12] Each competent agency has started to post a list of NPOs and their basic information on its website as well as information on those filing applications. The data, however, is limited to basic information, and does not contain financial and programmatic statements. As mentioned below, the Cabinet Office is in the process of creating an online database with financial and programmatic information for NPOs under its jurisdiction. It is hoped that similar moves will be seen at the prefectural level for those NPOs falling under local jurisdiction.

AMBIVALENT GOVERNMENT RESPONSES

Government responses to the growth of the nonprofit sector are ambivalent. On the one hand is the desire to strengthen control, while on the other is the desire to promote a more enabling environment for civil society organizations. A rough division of these contradictory trends puts the public interest corporations on one side as targets for greater control by the government, and grassroots civil society organizations on the other side as part of the trend toward encouraging greater autonomy, as symbolized by the passage of the NPO Law. Since 2002, the government has launched a drastic revision of the entire nonprofit legal system that would involve not only the public interest corporations, but eventually the NPOs as well. So far, the government attitude seems to be fluctuating between the two desires and the confused direction of measures proposed has strengthened the impression of ambivalence. The Japanese nonprofit sector is thus facing an era of transition in which the environment is definitely undergoing numerous changes. Whether the direction set is in favor of free and innovative initiatives of the private, nonprofit sector or a reversal to greater control is yet unknown.

Tighter Government Control

Each time a scandal is uncovered—even when only a limited number of public interest corporations are involved—management and corresponding government supervision are questioned. In an effort to prevent any misconduct or abuse, a series of strengthened measures has been introduced in the guidance and supervision of

[11] ibid (11).

[12] According to a survey conducted by the Economic Planning Agency in January 2000, 75% of competent government agencies indicated that the public announcement system during the filing process of application for establishment of NPOs was not functioning at all or not as well as it ought to (Economic Planning Agency, 2000. 115).

their activities. In particular, the aforementioned Standards govern the procedures for establishing and managing a public interest corporation.

In 2001, the ministerial cabinet agreed to the strengthening of guidance and supervision of public interest corporations, calling for the appointment of personnel in charge of overseeing public interest corporations in each government agency with jurisdiction; on-site inspection at least once every three years; and requirement of external audits by certified public accountants for larger corporations with budgets exceeding a certain level. The on-site inspections are underway and a 100-item checklist has been put together as a basis for inspections by individual supervisory government agencies.

At the same time, the government has embarked on major administrative reforms since the end of 2000, and is paying much attention to problems involving public interest corporations. To address the social criticism of close government-public interest corporation ties, two rounds of inspections have been conducted. The first was a thorough inspection of all public interest corporations under the jurisdiction of national government agencies (about 7,000 in total) in February and March of 2001. It called for evaluation on the following four aspects: competition with the for-profit sector, adherence to fulfilling public interest with appropriate disclosure of information, reasonable level of compensation for trustees, and legitimate transactions in commissioned works and between partners. The results were disclosed on the internet.

The second was a separate inspection held for the approximately 1,000 public interest corporations having close affiliation with the government. Such corporations include those conducting qualifying examinations for certification endorsed by various ministries; those redistributing more than half their government subsidy to other organizations; and those depending on government funding for more than two-thirds of their annual income. The inspection reviewed the necessity for continued government funding to these corporations and reported the results on the internet. Subsequent measures, to be implemented in full by fiscal 2005, have been announced to cut back or abolish subsidies to their program operations, or transfer them to appropriate government agencies according to inspection results. Although the government claimed that continued funding to some corporations for their expertise and comparative advantage over government agencies is justified, it has, at the same time, taken a turn to imposing more detailed regulations on the use of funds provided, which in fact deprives them of the innovative pursuit of activities.

Enabling Environment to Promote Civil Society

Ironic as it may seem, the government has been promoting measures in support of creating a more enabling environment for other types of civil society organizations alongside measures introduced to strengthen its control over public interest corporations. The increasingly active role played by the nonprofit sector and the

shift in the form of governance are perhaps witnessed worldwide. The same phenomenon is seen in Japan and in a way explains the natural course that led to the enactment of the NPO Law.[13]

As mentioned earlier, the NPO Law supports civil society initiatives to pursue diversified activities for the public good. The law was drafted and submitted by legislators with the cooperation of nonprofit leaders and not by government bureaucrats (as is usually the case in Japan), and incorporates a mandatory requirement for disclosure. Instead of government supervision, disclosure requires NPOs to have greater transparency and thus a need for more self-discipline. Some recent government measures that serve to promote internal governance of NPOs are as follows.

Disclosure via the Internet Proposed by the Cabinet Office

Disclosure is mandatory by law for incorporated NPOs and competent government authorities. However, as aforementioned, electronic access to financial and programmatic information is not yet systematic, nor is it uniformly available. Against this backdrop, the Cabinet Office has announced its intention to disclose on the internet all financial and programmatic information for the approximately 900 incorporated NPOs under its jurisdiction by March 2004. This would greatly advance the rate of accessibility. As the Japanese government prepares for the implementation of an e-government, procedures concerning NPOs, including the filing for application and reporting, will be handled online, which should facilitate disclosure. Similar progress is desirable for the handling of NPOs under prefectural jurisdiction.

Elimination of Budgetary Regulations

Upon revision of the NPO Law in December 2002, five new areas of activities were added (see Table 2) and several other improvements made. In terms of governance, a significant step forward was taken with the elimination of budgetary regulations. Before the revision, NPOs were not allowed to deviate from their budget, leaving no room for unforeseen developments in their activities once the fiscal year commenced or flexibility to reallocate funds on either the giving or receiving side. With the elimination of this regulation, NPOs can change the direction of their programs to better reflect shifts in society. The revision has shed light on the question of good governance for NPOs, i.e., whether "proper" management means carrying out activities in accordance with the budget, or handling a given situation in the most effective way. The rigid budgetary regulations still apply to public interest corporations, as adherence to budgets are among the 100 items on the checklist for inspection.

---

[13] For legislation process of the NPO Law, see Yamamoto (1999).

Revision of the Nonprofit Legal Framework

Initial Scheme for Revisions

Over the past year, the Japanese nonprofit sector has been subject to many attempted administrative reforms. In 2002, the government embarked on a series of reforms of the legal framework of public interest corporations. After years of non-action despite criticisms of the stagnant system, the Civil Code is finally to be revised. The enactment of the NPO Law in 1998, followed by the *chukan hojin*[12] (mutual benefit nonprofits) law in 2001, and the current attention to administrative reform have provided momentum for a review of the existing framework for public interest corporations. Debate on the issue is presently advancing at a much faster rate than ever expected.

The general scheme announced by the government in August 2002 called for promotion of self-initiated activities by civil society organizations. This was contrary to the previous trend of strengthening government control over public interest corporations. The scheme delineated five aspects as a model framework for nonprofit organizations: a streamlined incorporation process; more objective criteria for determining "public interest;" greater autonomy of civil society organizations and less government control; transparency of organizational management and activities; and flexibility in the framework to permit adjustments as necessary.

Concrete measures concerning internal governance within the general scheme are as follows:

- Clarify legally the responsibilities, privileges, and checks-and-balances mechanism for trustees, auditors, and members, similar to that required of profit-making corporations, as well as give consideration to class action lawsuits and petitions for audit;
- Legally require public disclosure (which is currently delineated under administrative guidance but not required by law for public interest corporations); and
- Introduce an ex-post facto system in case of misconduct whereby the court or the authorizing government agency can order dissolution rather than depend on government supervision to prevent abuse and misconduct beforehand.

For the most part, the basic scheme was more or less welcomed by the nonprofit sector upon its unveiling. However, as the overall framework has slowly revealed itself, the actual revisions deviate from the initial intention as follows.

Proposed Abolition of Nonprofit Tax Exemption

Based on discussions by working groups involving academicians and practitioners, reform measures by the government are gradually taking shape.

However, each time a draft measure is announced, various objections come flooding in from the nonprofits, forcing the government to retrieve its draft. For the past several months, the debate has turned into a heated battle between the government and the nonprofit sector. The overall scheme for reform so far indicated by the government can be summed up as below.

- Create a new legal framework for "nonprofit corporations." The present public interest corporations would fall under the new category of nonprofit corporations. (At the moment, the government draft only targets public interest corporations, but inclusion of NPOs and *chukan hojin* or mutual benefit nonprofits is highly likely in the near future and the impact is expected to be widespread, affecting social welfare, educational and other types of institutions. The creation of a new legal framework would thus change the framework governing the entire nonprofit sector.)
- Simplify the legal process for incorporation according to standard criteria. (Similar to the establishment of for-profit corporations, the new system would enable organizations to be incorporated without involving government agencies.)
- In return for the above, the government will most likely abolish the favorable tax treatment that accompanies incorporated status. (Currently, a public interest corporation can receive tax exemptions on income related to the accomplishment of charitable purposes and taxation at the lower rate of 22% for profit-generating activities. However, the proposed revision calls for a uniform 30% corporate tax rate—the same as that of for-profit corporations—on all income of nonprofit corporations. This implies that contributions, grants, and membership income, which had heretofore been tax-exempt, will now be taxed.)
- Introduce a registration system for nonprofit corporations considered to contribute greatly to the public interest and allow such corporations a certain level of favorable tax treatment. There need to be clear and objective criteria for eligibility for tax-exempt status and consideration should be given to designating an independent institution to make that judgment. (Favorable tax treatment here refers to the exemption from corporate tax. There is yet to be any serious consideration of tax deductibility on contributions. Likewise, there is yet no indication as to what is meant by an "independent institution to make judgments."

The government is striving to pass a bill before the end of fiscal year 2005 along the above guidelines. However, these very guidelines have invoked numerous and at times violent opposition from leaders of nonprofit and umbrella organizations in the

[14] Chukan hojin refer to nonprofit organizations for mutual benefit such as alumnae associations, clubs and the like.

past several months. As a result, a heated debate is underway, involving government officials, legislative members from various political parties, leaders of public interest corporations, NPOs and academia. Resentment is especially strong against what seems like a trade-off in simplifying the incorporation system and abolishing tax exemption for incorporated organizations. Such measures once implemented would signify an economic disaster for many. As for the institution to ascertain the eligibility for tax-exempt status, rather than creating a third party, more recent suggestions name the government authorities or the tax bureau as possible candidates. Such a move would change nothing in terms of government involvement or discretionary power, but may even lead to further strengthening of government control. There are mounting criticisms toward the government for trying to introduce the concept of taxation without first clarifying a system for favorable tax treatment. So far, the reforms appear far from moving in the direction of supporting the nonprofit sector.

The government's proposal to impose taxation on nonprofit organizations can be explained by its desire to increase tax revenue and be able to rid itself of "bad" public interest corporations. However, as can be seen from the examples of for-profit enterprises, simply imposing tax does not necessarily eliminate misconduct such as tax evasion. Rather, greater efforts should be made to promote public disclosure to have better assessment of nonprofit activities and prevent misconduct. The lack of sufficient understanding of the nonprofit sector by government and legislative members makes for an uncertain fate for administrative reform.

Responses and Innovative Programs by Civil Society

Before the government proposal on reform was even brought up for discussion, umbrella organizations had already launched a series of programs to enhance internal governance.

Strengthening Governance of Public Interest Corporations

A sense of urgency is driving public interest corporations, especially at the leadership level, to make more rapid advances in strengthening internal governance. This is evident in the research project undertaken by the Japan Association of Charitable Organizations (JACO), Japan's only umbrella organization for public interest corporations, to identify a more desirable model of nonprofit organizations and internal governance.

The project was conducted by a team of both nonprofit leaders and researchers, starting with an extensive survey to assess the state of governance and awareness of governance issues among Japanese public interest corporations. The survey revealed for the first time in actual figures the reality of public interest corporations.

It was found that: the board of trustees was a mere formality; no checks and balances existed to oversee trustees; awareness of fiduciary responsibility among trustees remained miniscule; programmatic operations followed government initiatives; and, until recently, there were no clear rules for disclosure.

The results of the two-year project were compiled in a report published in September 2002 that proposed measures for improving internal governance in public interest corporations. The report calls for a shift from government reliance to self-responsibility and self-discipline. Dissemination of the report coincided with the launching of nonprofit legal reforms by the government and has contributed to a more active and widespread debate on governance in the nonprofit sector.

Accountability of NGOs in International Cooperation

NGOs involved in international cooperation are also strongly aware of the need to strengthen governance, owing in part to their greater exposure to international society and the fact that they work closely with ODA and other public funds. The Japan NGO Center for International Cooperation (JANIC), a networking organization, has long been conscious of the need for self-discipline among NGOs in order to maintain public trust, making careful studies of the PVO standards of InterAction (U.S.) and other standards in the Philippines, Canada, and European nations since the early 1990s. Guidelines for Japanese NGOs were set forth in a Code of Conduct in 1994, contributing to efforts in strengthening governance among NGOs.

In the spring of 2002, a committee on accountability was created which aims to set an NGO standard for accountability by September 2003. The standard will delineate standards for accountability, management, and internal governance, project execution and operation, disclosure, and accounting for NGOs involved in international development.

The immediate cause for JANIC to undertake this task was the introduction of the "NGO Support Grant" by the Foreign Ministry in 2002. This new fund has government ODA as its source and awards a maximum of 50 million yen to Japanese NGOs involved in international cooperation. The most innovative aspect is its coverage of personnel expenses at the head office in Japan for the first time. In return, the recipient NGO must undergo auditing by external certified auditors, carry out sound accounting, and agree to complete disclosure of information (final report and detailed financial statement) on its own website, if it has one. The requirements of an external audit and strict accounting caused concern among NGOs even before the official announcement of the fund. JANIC, on the other hand, considered these requirements as offering an opportune incentive to create accountability standards at the initiative of NGOs instead of simply waiting for the government to draw up the rules.

It is still too early to discuss the impact of the standards on the NGO community as they are still in draft stage. However, they appear promising as they give due consideration to the diversity of NGOs. As JANIC is comprised of a variety of members including foundations, associations, NPOs, and various citizens' groups, the scope of operations are likewise very extensive. Thus the draft takes into consideration the need for differentiating requirements of accountability for larger-scale, more senior NGOs and the relatively smaller-sized organizations. JANIC is likewise looking into offering training programs to enable NGOs to meet the new set of standards.

Civil Society Initiative on Disclosure

Disclosure over the internet is yet to be a general practice for most civil society organizations in Japan, but efforts are being made by umbrella organizations to build a mechanism for operating a shared site for disclosure.

Shared Site for Disclosure by Public Interest Corporations

<http://www.disclo-koeki.org/>

In January 2002, the Japan Association of Charitable Organizations (JACO) embarked on a shared website for public interest corporations not equipped with websites to enable disclosure of programmatic and financial information. Although there may be a will to comply, many do not have enough financial and technical resources to create and maintain their own websites. This shared site permits such public interest corporations to be linked online and to disclose information for a nominal fee, and it presently benefits some 600 corporations. The undertaking has been effective in promoting self-initiated disclosure among public interest corporations, while the internet gradually permeates throughout the sector.

NPO Hiroba *(forum)*

<http://www.npo-hiroba.or.jp/>

The Japan NPO Center—the infrastructure organization for NPOs—created this website in 2001 to offer a database on incorporated NPOs, centralizing the information submitted to government agencies in the 48 prefectural governments and the Cabinet Office. The database of incorporated NPOs can be searched by organization name, issue areas, location, government agency with jurisdiction, financial scale, status for receiving tax-deductible contributions, etc. Although the number of incorporated NPOs is expanding rapidly, so far the site has successfully kept track of approximately 80% to 90% of all such organizations. For the moment, the information is limited and does not contain financial and programmatic statements, but narrative information on program content and brief descriptions of establishment are available.

Besides the above, numerous other online sites have been created in the last two to three years. They include database and locating sites for local NPOs operated by NPO support centers throughout Japan. Although these sites do not directly serve the purpose of disclosure, they contribute to improving the transparency of nonprofit organizations.

CHALLENGING AGENDAS FOR INTERNAL GOVERNANCE

Model Board of Trustees

As the previous sections have revealed, in order to strengthen governance of public interest corporations and NPOs, it is essential to set a clear legal framework that calls for trustees to have fiduciary responsibilities and introduces some mechanism for checks and balances. Naturally, the creation of a framework alone will not suffice. The long history of government control has created an atmosphere whereby Japanese civil society organizations, especially trustees of public interest corporations, assume that they are accountable as long as they comply with the standards set forth by the government. To change this dependant relationship between the board and the bureaucratic offices, it is necessary to instill awareness among trustees of their fiduciary responsibility and sense of mission.

Yet it is still questionable as to how effective strengthening the board will be in improving organizational effectiveness. The board of trustees tends to be placed at a remote distance from day-to-day operations and has little direct knowledge of programmatic operations as compared to the CEO and other staff members. Even if trustees are trained to become better aware of their fiduciary responsibility, awareness at their level may not contribute to strengthening the overall effectiveness of an organization in carrying out its mission.

The effectiveness of the board of trustees depends very much on its formation. Boards of organizations formed by membership consensus differ from those created through founder initiative. In membership-oriented organizations, raising the awareness of trustees may lead to improvement and development of their organizations. However, in organizations strongly influenced by the founder, the CEO and other senior executives may exercise strong control and a stronger board of trustees may not be a contributing factor in enhancing organizational effectiveness. Appropriate rules to shape the board of trustees, with due respect to the diversity of civil society organizations, are just making their way to the discussion table.

Perhaps looking more closely at the board-staff relationship would open the debate over a model board of trustees. The NPO Law provides that up to a third of the trustees may be paid by the organization, permitting senior staff members to be elected to the board. Senior staff could also participate in the board ex officio. These

options would serve to stimulate a more active involvement of the board with the organization.

Improved Quality of Disclosure and Sensitivity

In terms of disclosure, the pressing task is to advance electronic accessibility of information and to expand the content thereof to include program reports and financial statements. However, there is a more basic problem concerning financial statements of public interest corporations. Even if released, they are extremely complicated and beyond comprehension of the public. Accounting for NPOs, on the other hand, lacks a unified system whereby comparisons can be made between organizations. Thus, it is first necessary to create a standardized accounting format that is comprehensible to the general public.

There is another kind of dilemma in revealing certain financial details. For example, in the case of NGOs involved in international cooperation, full disclosure of financial details may prompt beneficiaries and counterparts overseas "to wonder why only a tiny portion of an NGO's total budget is allotted to them and may cause them to demand a larger share or stop mobilizing their own resources." In this way full disclosure may undermine self-reliant development efforts and credible partnership.[13] On the domestic front, there is the question of how much negative information should be disclosed online, such as on failed projects and staff dismissals, which could lower the overall evaluation of an organization. Another frequently raised point is the cost element of disclosure. Especially for small-scale organizations, the money and manpower required to comply with disclosure requirements may be a burden that takes away from the carrying of their mission.

Public disclosure thus entails many sensitive issues. It should not be forgotten that transparency cannot be considered only in the context of strengthening self-discipline; the contexts of improving organizational effectiveness and strengthening the capacity to carry out missions must also be considered.

Internal Governance for Organizational Effectiveness

Quite often in Japan, discussions on internal governance in the nonprofit sector tend to center on the "process," or proper management. Attention often focuses on "proper" or sound accounting, external audits, and disclosure of financial and programmatic reports, or a checks-and-balances system to oversee trustees. The importance of being accountable, transparent, or in compliance with the law cannot be neglected. However, too much insistence on being "proper" can lead to the dilemma

[13] Watanabe (2003).

of having to undermine the very spirit of civil society organizations rooted in spontaneous, pioneering entrepreneurship and may take away their dynamism. Unlike the public sector, which must insist on fairness because its work is based on tax revenues, the comparative advantage of civil society organizations is perhaps being able to take risks and pursue innovative programs. If the process is important, so are the outcomes. Some organizations may score perfectly in their process of carrying out activities, but fail to bear results. Others, on the other hand, may produce incredible outcomes but may be rather lax in management. Discussion of governance based solely on "proper" management thus would not allow the latter kind of organizations to take root.

The essential point is to hold more discussions on building internal governance for the sake of improving organizational effectiveness of civil society organizations, with the higher goal of more efficient use of resources so as to attain higher-level objectives. Discussions on improving governance for "proper" management alone will not suffice. A checklist for evaluating internal governance perhaps ought to include an item to see how effective an organization is in understanding and meeting the needs of society in contributing to the public good. This viewpoint is as essential as assessments on accountability, transparency, checks and balances, and strengthening of the board.

POSTCRIPT

Revealing insights and helpful documents were provided by the national committee members of this project in writing up this paper. My gratitude to all for their contributions. It should be noted that the analysis and opinions expressed in the paper, however, are those of the author alone and do not necessarily represent those of the committee members of Japan. My gratitude also goes to Sachiko Aoki for translating this paper.

ANNEX 1

TABLE 1. ***Number of Public Interest Corporations by Fields of Activity***

Fields of Activities	Number of Corporations	%
Daily Life	**14,444**	53.5
Home affairs	191	
Health, medical treatment	3,926	
Sports & recreation	1,809	
Childcare	227	
Social welfare	1,991	
Employment, labour	2,290	
Welfare, mutual aid	1,213	
Housing, community	1,150	
Safety	957	
Others	690	
Education & Science	**10,883**	40.3
Education	2,997	
Scholarship	1,517	
Science, research	1,901	
Arts & culture	2,035	
News media, publishing	335	
Religion	228	
International exchange	1,089	
Others	781	
Politics & Administration	**3,173**	11.8
Politics & administration	272	
Finance, economy	830	
Overall planning	103	
Local administration	842	
Nature, environment	496	
International relations	353	
Others	277	
Industry	**7,440**	27.6
Finance, insurance	249	
Agriculture, fishery	2,263	
Trade, industry	1,963	
Transportation	652	
Construction	962	
Communication	208	
Information technology	654	
Others	489	

Source: Ministry of Public Management (2002).0Unofficial translation.

Note: The total number of public interest corporations is 26,183, which does not coincide with the above total as organizations choose more than one field.

ANNEX 2

Table 2. 12 (17) Fields of Activity Designated to Specified NPOs and their Number by Field

	Field	Number of NPOs	(%)
1	Health, medical treatment, and welfare	6,349	59.54
2	Social education	4,938	46.31
3	NPO support	4,249	39.84
4	Community development	4,082	38.28
5	Children and youth	4,038	37.87
6[a]	Culture, the arts, and sports	3,174	29.76
7	Conservation of environment	3,032	28.43
8	International cooperation	2,544	23.86
9	Human rights, peace	1,707	16.01
10	Gender	1,022	9.58
11	Community safety	902	8.46
12	Disaster relief	779	7.30
13[b]	Information Technology/Communication	—	—
14[b]	Science and Technology	—	—
15[b]	Activation of Economy	—	—
16[b]	Skills training, Job creation	—	—
17[b]	Consumer protection	—	—

Source: Cabinet Office "Home page on NPOs"<http://www5.cao.go.jp/seikatsu/npo/data/bunnya.html>.

Notes:

* Fields of activities indicated in the articles of association of 10,664

a NPOs that had been incorporated by March 31, 2002. Total does not coincide with actual total number of NPOs (10,664) because many NPOs choose more than one field."

b Science" was added to field #6 by the revision of the NPO Law in December 2002, enacted on May 1, 2003.Fields #13pÿ17 were newly added by the revision of the NPO Law in December 2002, enacted on May 1, 2003.

ANNEX 3

TABLE 3. ***List of Documents Required for Disclosure***

Documents to Be Disclosed	Types of Organizations				
	Public Interest Corporations	Public Interest Corporations Receiving Government Funds	Specified Nonprofit Corporations (NPOs)	NPOs Eligible for Tax-deductible Donations	Nonprofits Applying for Incorporation as NPO
Article of Association/ Act of Endowment	Yes	Yes	Yes	Yes	Yes
Board roster	Yes	Yes	Yes	Yes	Yes
Names and address of paid trustees			Yes	Yes	
Names of paid trustees and the amount paid				Yes	
Rules of compensation for trustees		Yes		Yes	
List of membership	Yes[1]	Yes	Yes	Yes	
Annual program report	Yes	Yes	Yes	Yes	
Financial reports					
Account statement of income and expenditure	Yes	Yes	Yes	Yes	
Net assets balance	Yes	Yes			
Balance sheet	Yes	Yes	Yes	Yes	
Inventory	Yes	Yes	Yes	Yes	
Annual program plan	Yes	Yes			Yes
Annual budget	Yes	Yes			Yes
Documents related to government funds[2]		Yes			
Prospectus of establishment					Yes
Details of grant-making[3] (required only for grant-making NPOs)				Yes	
Reports on funds remitted or carry out to outside Japan				Yes	
Reports on income details[4]				Yes	
Disclosure required by	administrative guidance	administrative guidance	NPO Law	NPO Law, Special Tax Measures Law	NPO Law

Source : Complied by author.

Notes : 1 Membership list is required for associations but not for foundations.

2 Documents related to government funds are: amount of funds, details of funded project, reason for being selected as a fund recipient organization, ratio of government funds in the total income of the organization, expenditure accounting statement of government funds.

3 Details of grant-making: call for application, process and criteria of due diligence, the final list of grants.

4 Reports on income documents: amount of revenues by source, documents related to alienation of assets, major (top five) business partners in paying and receiving funds, membership requirement, documents on fundraising solicitation, report on how the raised fund is spent, name and address of major donors (more than 200,000 yen per year) and amount of donation, details of the donation made by the NPO.

Bibliography

English

Takako Amemiya. 1999. "Japan." In Thomas Silk, ed. *Philanthropy and Law in Asia*. San Francisco: Jossey-Bass Inc.

———— 1998. "The Nonprofit Sector: Legal Background." In Tadashi Yamamoto, ed. *The Nonprofit Sector in Japan*. Manchester: Manchester University Press

Watanabe Tatsuya. 2003. "Overcoming Accountability Challenges Facing NGOs in the Japanese Context." Paper presented at the U.S.-Japan Workshop on Accountability and International NGOs.

Yamamoto Tadashi. 1999. "Emergence of Japan's Civil Society and Its Future Challenges." In Tadashi Yamamoto. ed. *Deciding The Public Good: Governance and Civil Society in Japan*. Tokyo: Japan Center for International Exchange.

Yamaoka Yoshinori. 1999. "Japan." In Thomas Silk, ed. *Philanthropy and Law in Asia*. San Francisco: Jossey-Bass Inc

Japanese

Cabinet Office "NPO kankei homupeji" (Homepage on NPOs)

<http://www5.cao.go.jp/seikatsu/npo/index.html>.

Economic Planning Agency. 2000. *Tokutei hieiri houjin no katsudou unei no jittaii ni kansuru chousa* (Survey on practice and management of specified nonprofit organizations) Tokyo: Economic Planning Agency

Foster Plan International Japan. 2002. Press release , 18 July.

Hayashi Chikio and Iriyama Akira. 1997. *Koeikihoujinn no jitsuzo: toukei kara mita zaidan, shadan* (Facts about public interest corporations: Incorporated foundations and associations as seen from statistics), Tokyo: Diamond Inc., Ltd.

Iriyama Akira. 2003. *Nihon no koueki houjin: sono tadashii rikai to nozomashii seidokaikaku* (Public interest corporations in Japan). Tokyo: Gyosei Corporation.

Japan Association for Charitable Organizations. 2002. *Nijyuisseiki no kouekihoujin to seido no arikata wo saguru houkokusho* (In search of public interest corporations and their system in the 21st century). Tokyo: Japan Association for Charitable Organizations.

————- 2003. *Iwayuru fushouji jiken no patan* (Patterns of misconduct by public interest corporations). Unpublished document.

Katayama Masao. 2002a. *Gabanansu no kakuritsu to jishuteki un'ei* (Governance and Self-Management). *Nijyuisseiki no kouekihoujin to seido no arikata wo saguru houkokusho* (In search of public interest corporations and their system in the 21st century). Tokyo: Japan Association for Charitable Organizations.

————-- 2002b. *Jitsumuka kara mita wagakuni kouekihoujinn no gabanansu no jitsujou* (Public interest corporations and governance today from the perspective of practitioners). *Koeki Hojin* (Public Interest Corporations) Vol. 31.

Ministry of Public Management. 2002. *Koeki hojin hakusho:Heise 14-nendoban* (White paper on public interest corporations: Fiscal 2002). Tokyo: Ministry of Public Management.

Research Institute of Economy Trade and Industry (RIETI). . 2002. *NPO houjin anketo chousa kekka houkoku* (Report of the survey on incorporated NPOs). Tokyo: RIETI.

APPC "Governance, Organizational Effectiveness and the Non-profit Sector"

Advisory Committee for Japan Country Report

Takako Amemiya	*Professor* of Civil Law, Shoin College
Yutaka Asamura	*Executive Director*, Japan Foundation Center
Akira Iriyama	*President*, The Sasakawa Peace Foundation
Kazuhide Ito	*Manager*, Business & Society Group, Social Affairs Bureau Japan Business Federation (Nippon Keidanren)
Michio Ito	*Managing Director*, Japan NGO Center for International Cooperation (JANIC)
Masao Katayama	*Director*, The Saison Foundation
Hideki Kato	*President*, Japan Initiative
Hideko Katsumata	*Managing Director & Executive Secretary*, Japan Center for International Exchange
Akira Matsubara	*Executive Director*, Coalition for Legislation to Support Citizen's Organizations (C's)
Tatsuo Ohta	*President & CEO*, The Japan Association of Charitable Organizations
Masahide Shibusawa	*President, Shibusawa* Eiichi Memorial Foundation
Tadashi Yamamoto	*President*, Japan Center for International Exchange
Yoshinori Yamaoka	*Managing Director*, Japan NPO Center *Professor*, Faculty of Social Policy and Administration, Hosei University

Personal interviews were is conducted with the following persons.

Michio Ito	(listed above)
Tatsuya Watanabe	*Associate Professor*, Department of Contemporary Law; Tokyo Keizai University; *Chairman* of Committee of Accountability, Japan NGO Center for International Cooperation (JANIC)