



Civil Society Monitor

Japan Center for International Exchange

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Local Initiatives Support Nonprofit Organizations and Activities in Japan

JAPAN IN THE past few years has experienced a significant surge in various nonprofit activities at the prefectural and municipal levels. At the same time, peoples' expectations of and media attention on the role of nonprofit organizations (NPOs) have heightened. With the enactment of the Law to Promote

Specified Non-Profit Activities (the NPO Law) in 1998 and the Law Amending in Part the Special Tax Measures Law in 2001 (see *Civil Society Monitor* No. 6), many small to medium-sized citizens' groups, which had previously been unable to claim legal status, are beginning to incorporate themselves. Unlike for the "public interest" corporations that are incorporated under Article 34 of the Civil Code, the NPO Law grants prefectural governments the authority to authorize and approve incorporation. Therefore, not only is the scope of activities of these citizens' groups local, but their incorporation process too is localized. This situation has called for both public and private local support mechanisms for NPOs and their activities.

Local NPO Support Centers

Since the mid-1990s, citizens have worked to establish local NPO support centers whose primary mission is to help strengthen neighborhood NPOs working in the community. These NPOs focus on local needs and are rooted in the community, but they lack infrastructure and management and operational expertise. Often times, the environment in which these NPOs operate is not conducive to their fully achieving their mission or

goals. The main objective of most local NPO support centers is to broaden the operating environment for NPOs. Other forms of support include serving as forums for building partnerships between nongovernmental organizations (NGOs), citizens' groups, businesses, local governments, academia, and the media; disseminating NPO-related information through, for example, newsletters; and hosting seminars on relevant issues and topics.

One of the first regional NPO centers established was the Osaka NPO Center, which was launched in November 1996 by citizens' groups. Many local NPO support centers have been established since, and according to a 2001 survey by the Japan NPO Center, 82 such centers now operate throughout the country (see the table and map on page 2).

As the table indicates, local governments have also been active in establishing community-level NPO support centers. Yoshinori Yamaoka, managing director of the Japan NPO Center, notes that there are fewer citizens-initiated NPO support centers on the prefectural level than compared to the municipal level because citizens' activities are far more rooted in cities, towns, and villages. In many prefectures, the governments established NPO support centers and then commissioned NPOs to manage their

facilities and activities.

A major barrier to smooth operations for NPOs is their limited access to resources, including space. Both office space and space for activities are either very expensive or already being used by incorporated public interest corporations. The recently established NPO support centers, especially those set up by local governments, have been a great help to these NPOs, states Yamaoka, as their main focus is to offer a non-discriminatory working place for nonprofit groups and nonprofit corporations alike.

While the scope of activities and resources these support centers are able to provide differs by prefecture, municipality, and whether a center is run by the government or NPOs, every center operates on the basic premise that its mission is to empower the smaller NPOs so as to create a more solid operating field for local NPOs throughout the country. There is concern, however, that too many support centers concentrated in one area creates a problem. For example, operating in Yokohama City, Kanagawa Prefecture, immediately adjacent to Tokyo, are the Kanagawa Prefectural Citizens' Activities Support Center, set up by the Kanagawa prefectural government, and the Yokohama City Support Center, set up by the Yokohama City Municipal

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government. Unless convenience and accessibility are major factors, in most prefectures and municipalities, the different support centers are able to coexist, and a division of labor based on comparative advantages is evident, says Yamaoka.

Local Laws Pertaining to NPOs

Nowadays, prefectural and municipal governments are striving to formulate support policies and ordinances to promote nonprofit activities in local communities. Governmental committees and task forces are organized to discuss ways in which government bodies can collaborate effectively with local NPOs. Rather than competing with NPOs, governments have opted to commission NPOs to work in social issue areas where the rigid bureaucratic system constrains governments. Local governments typically have three approaches to collaboration in mind: (1) contribute space or money for a particular activity operated by NPOs, (2) plan a particular project but assign NPOs to do the actual work (outsourcing), or (3) form an equal partnership with an NPO to work together on the same project.

To make the various support policies official and legally binding, prefectural and municipal governments enact ordinances ranging from simple guidelines to be followed by the various departments of the local government to setting up regional support centers that will offer material resources for NPO activities. The various local laws pertaining to NPOs can be categorized as follows.

Conceptual Law. Many local governments, especially prefectural governments, have passed ordinances which spell out the guidelines for the support that these governments extend to NPOs or citizens' activities. The basic premise of the law is the understanding that because these activities support society, they should receive assistance appropriate to their diverse organizational structure and management. To promote these activities, local governments in many instances are willing, and legally bound by

the guidelines, to provide information; secure educational opportunities; promote the exchange of people, ideas, etc.; and improve the infrastructure of support mechanisms.

Establishment Law for NPO Support Centers. As mentioned earlier, many prefectural and municipal governments have established NPO support centers and for each of these centers, a law was enacted to make the establishment process legal.

Registration Law. To enable local governments to commission NPOs to engage in activities which the NPOs are better suited to carry out than the governments, some local governments have enacted a law which specifies the registration pro-

cedures for NPOs. Most commonly, this law is applied when the NPO support centers set up by the local governments commission NPOs to manage the centers.

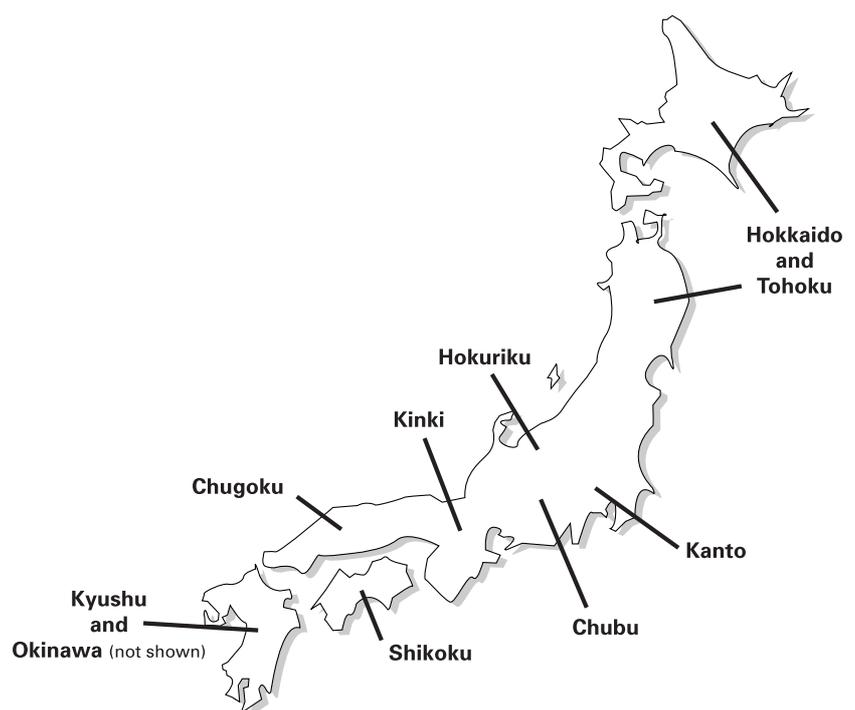
Establishment Law for Charitable Trusts. Some local governments have set up charitable trusts, and a law has been enacted to establish these trusts.

Although these regulations merit some credit in that local governments together with the national government are slowly moving to create a more enabling environment for NPO activities, leading civil society figures express concerns. While acknowledging the thought and the effort that local governments put into the process of establishing support policies,

Regional NPO Support Centers

Area	Government	Citizens	Total
Hokkaido & Tohoku area	5	8	13
Hokuriku area	—	2	2
Chubu area	6	6	12
Kanto area	16	9	25
Kinki area	4	9	13
Chugoku area	4	3	7
Shikoku area	4	—	4
Kyushu & Okinawa area	4	2	6
Total	43	39	82

Source: <www.jnpoc.ne.jp>.



Yamaoka warns of the danger inherent in the conceptual laws. It is ideal if a truly equal and trustworthy working relationship is formed between the local government and NPOs, as is stated in some of the guideline ordinances. But there is the danger that the NPOs may end up being subcontractors of the local governments, or that the NPOs might only engage in activities where funding and independence—both important aspects of citizens' activities—are lost. Yamaoka therefore notes that great care is needed when implementing these guidelines. At the same time, Yamaoka acknowledges, now that the legal grounds for collaboration between local governments and NPOs has been established, positive competition emerges for NPOs and induces the rationale for institution building which had been lacking in many of the NPOs.

Akira Matsubara, executive director of the Coalition for Legislation to Support Citizens' Organizations (C's), is more critical. He sees the recent trend of local governments creating NPO-related policies as being too easy: these governments are anxious to rely on NPOs and create new subsidies and guidelines, but are not giving enough consideration to how they can reform the existing mechanisms instead of adding new measures. He points to the concern that local governments may create something that is not necessarily needed by the citizens and therefore burden already tight local budgets. Matsubara stated that local governments should stick to the rule of not doing too much and engage in support mechanisms that are unique to local governments.

These include the supply of space and materials and also of information on various sectors of the local community.

Matsubara is also skeptical of the movement to enact local laws pertaining to NPOs, but he does note one positive aspect of the movement—the involvement of prefectural assembly members in the process. For a prefectural assembly

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to pass a law, task forces and committees consisting of citizens, local politicians, and civil servants are formed, and the process not only educates the prefectural politicians, it also enhances understanding of NPOs among politicians and within the local government, helping to build a network between the various parties.

Challenges Ahead

Challenges facing Japan's civil society as

a whole and the legal system pertaining to it at the national level also translate to NPOs and civil society groups that are active in local communities throughout Japan. Along with the NPO Law and local NPO ordinances, many prefectures and municipalities have begun to consider NPO tax laws. So far three prefectures, Miyagi (Tohoku area), Tottori (Chugoku area), and Okayama (Shikoku area), have enacted NPO tax laws, and many more are considering implementing tax laws that would relieve the institutionally weak NPOs from their heavy tax burden. Yamaoka views these tax measures as the key to strengthening local NPOs.

In looking at the future, Matsubara expressed concern about the lack of understanding toward NPOs that still exists in some local governments. The authorities, he says, are confused as to the level of support that NPOs are looking for and thus take unnecessary measures. Many local governments need to further increase their understanding, and hence determine the types of support the local NPOs are seeking. A positive gesture in this context is that local governments are starting to approach NPOs for advice and suggestions on issues that pertain to the local community. This is indeed a significant development in terms of the relationship between the local authorities and citizens. One would hope for further development in changing the environment for civil society organizations both on a national level and prefectural level based on enhanced interaction between the various parties. ✨

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and tax environments (a new Public Interest General Law and a new tax system) that will be more conducive to NPOs and recommend how they can be achieved. Research findings are expected to be completed by October 2002 both for the public and political leaders.

The world has changed since the Civil

Code was passed in 1898. Different social needs and standards call for new rules and regulations. Adjusting for the dichotomy between the NPO Law and Article 34, which incorporates civil society organizations and nonprofit corporations, is one important issue that needs close and immediate attention. But the

governance issue as it pertains to NPOs also needs attention. Both the process and the outcome of this project will be important and significant in that NPOs are themselves addressing the issue and understanding the clear need for self-regulation and defining their responsibilities toward society. ✨

Japan Association of Charitable Organizations Launches New Project

The Japan Association of Charitable Organizations, Japan's only association whose membership comprises public interest corporations incorporated under Article 34 of the Civil Code, embarked on a new project in June 2001. The "Public Interest Corporations in the 21st Century" project aims to identify the ideal structure for nonprofit corporations in the years ahead.

The project comes at a time when calls for self-regulation by nongovernmental organizations (NGOs) and nonprofit corporations are growing around the world. As more people perceive nonprofit organizations (NPOs) to be key actors in many important domestic and global social issue areas, the level of attention the NPO community receives worldwide has increased. This phenomenon raises arguments about the need for an important component of a legitimate organization: self-regulation. And the unrest over the World Trade Organization Ministerial Conference in Seattle in 1999, which was largely blamed on the NGO community,

both heightened attention on NGOs and triggered discussions about their legitimacy.

In Japan, NGO/NPO activities surged after the Great Hanshin-Awaji Earthquake of 1995. With the Law to Promote Specified Non-Profit Activities (the NPO Law) of 1998 and the Law Amending in Part the Special Tax Measures Law (see *Civil Society Monitor* No. 6) of 2001, the legal environment very slowly continues to become more conducive to nonprofit activities. And the higher expectations toward NPO actors serve to promote nonprofit activities in Japan. The public is also concerned, however, about the legitimacy of NPOs and seeks systematic self-regulation and more transparency. Recent scandals involving nonprofit corporations that are direct subsidiaries of government ministries have made the public suspicious of nonprofit corporations. Thus on a micro level, there is a need for nonprofit corporations to define their legitimacy, and on a macro level, there is a need to make a clear distinc-

tion between purely nonprofit public interest corporations and ministry-related subcontractor-type corporations.

Tatsuo Ota, president of the Japan Association of Charitable Organizations, has brought together scholars and practitioners from civil society organizations to initiate and advocate the need for a more self-regulatory environment. Research teams consisting of directors of public interest corporations and scholars were mandated by the association to investigate and analyze the different dimensions (from management issues to various activity areas) of public interest corporations and determine what a desirable public interest corporation would look like. Issue areas pertaining to governance, an area which has thus far been lacking in many public interest corporations, will be examined: the decision-making mechanism, the checking mechanism, management responsibilities, fiduciary responsibilities, compliance, and disclosure of information. The project will further advocate new legal

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Associate Editors: Uchida Mio, Pamela J. Noda
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Japan Center for International Exchange
9-17 Minami Azabu 4-chome
Minato-ku, Tokyo 106-0047 JAPAN

Tel: 81-3-3446-7781 Fax: 81-3-3443-7580
E-mail: admin@jcie.or.jp
URL: www.jcie.or.jp