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## **The Role of Non-governmental Organisations (NGOs) in Japan's Foreign Aid Policy**

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### *Abstract*

*The reinforcement of the Non-governmental organisations' role in Japan's ODA program is a challenging task. However, if this objective is achieved, at least three advantages could ensue. Firstly, Japanese NGOs would be able to independently carry out the small-scale aid projects that directly address the needs of local communities in aid recipient countries. These grassroots aid projects could complement the government-supervised large-scale aid projects. Secondly, the Japanese government could utilize NGOs' staff as an alternative source of information. Finally, effective co-operation between NGOs and the government could help enhancing the transparency of Japan's foreign aid policy. Under the current system, bureaucrats dominate the policymaking process so that it is difficult for outsiders to access the information on Japan's ODA program.*

### *Key words*

*Foreign Aid, NGOs, Japan*

## **1. Introduction**

International and local Non-governmental organisations (NGOs) play an increasingly important role in the life of the global society. Some NGOs have sufficiently solid financial and organisational foundations, reputable standing and are able to address various socio-economic issues. The participation of NGOs in foreign relations is sometimes described as “third track diplomacy”. According to Tehranian (1999), the third track diplomacy provides NGOs channels parallel to official diplomacy so that NGOs are able to play a complementary role in the international community.

A number of Japanese NGOs are involved in Japan’s ODA activities and work closely with the government in implementing grassroots development projects that reach out directly to the needs of local communities in developing countries. A more active participation of Japanese NGOs in Japan’s ODA program could be beneficial. These organisations, as independent entities free from business and political affiliations, could be better equipped to ensure that the Japanese government formulates and implements its aid policies according to the principles of the new aid guidelines.

## **2. The Limited Role of Japanese NGOs in Japan’s ODA Program**

Japanese NGOs have limited access to Japan’s ODA activities. Compared with Western aid donors’ ODA, the greater part of Japan’s foreign aid is distributed through governmental agencies. In 1993, Japan disbursed only 1.2 percent of total foreign aid through Japanese NGOs while major Western aid donors allocated NGOs from 20 percent to 25 percent of their total foreign aid funds (Fujisaki *et al.*, 1996/1997: 531).

Hirata (1998: 329) argues that Japanese NGOs are still small in size and mainly work on small-scale development projects, such as agriculture, health and education projects.<sup>1</sup> Only two Japanese NGOs -- Japan International Volunteer Centre (JVC) and the Organization for Industrial, Spiritual and Cultural Advancement (OISCA-International) -- are engaged in social development and welfare activities in developing countries.

Despite these facts, there have been two notable cases when Japanese NGOs were able to influence Japan's foreign aid policy. Two NGOs, The Japan Negros Campaign Committee and the Reconsider Aid Citizen's League, advocated the cause of recipient countries through the mass media. The Japan Negros Campaign Committee was organized in 1986 by the Waseda University Professor Jun Nishikawa at the time of the Marcos scandal in the Philippines. This NGO drew attention to and criticized the fact that no direct assistance was actually extended to the people of the Philippines. Professor Nishikawa told the Philippines press that his objective was to redress the imbalance of Japan's ODA (Arase, 1995: 116).

The Reconsider Aid Citizen's League (REAL) was established by the Sophia University Professor Yoshinori Murai in 1986. Arase (1995: 116-117) points out that REAL was the first grassroots organisation in Japan dedicated exclusively to the cause of changing Japan's ODA policy orientation. Professor Murai has repeatedly exposed cases of ODA failure and corrupt practices and called for ODA reform. He has often appeared in the mass media to hold debates with government officials.

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<sup>1</sup> Japanese aid administration was dominated by the powerful bureaucracy. The detail discussion for the Japan's ODA administration, see Nikitina and Furuoka (2008).

The effort of only two Japanese NGOs, however commendable, is not enough to change Japan's ODA policy. As Arase (1995: 117) commented, "The activities of the above-mentioned NGOs have been significant in terms of spreading the awareness of Japan's ODA shortcomings, but they have been unsuccessful in doing more than eliciting government pledges to improve policies".

### **3. Co-operation between Japanese NGOs and the Japanese Government**

A veteran NGO activist, Michiya Kumaoka, notes that the MOFA is becoming increasingly aware of the Japanese NGOs' potential.<sup>2</sup> The ministry's position in charge of foreign affairs allows it to be well informed about other countries' ODA projects which, to a large extent, are carried out by local and international NGOs. However, Kumaoka recognizes that the MOFA is an exceptional case within Japanese bureaucracy; other ministries have not reached this level of awareness (*Alternatives*, February 1999: 9-12).

In 1989, in order to fortify the financial base of a wide range of Japanese NGOs, the MOFA introduced the "Subsidy System for NGO Projects (SSNP)". According to the *Basic Facts on Japan's ODA*, this scheme was primarily designed to support humanitarian development projects in developing countries and small-scale projects that are more difficult for ODA to reach (MOFA, 1994b: 32-33). The MOFA constantly expands the budget for the SSNP. In FY 1989, the budget amounted to ¥112 million

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<sup>2</sup> There are two important policy initiatives to reform the Japanese aid policy. The first one is to engage the NGOs into the government-dominated aid implementation process. The other one is to implement aid sanctions against foreign aid recipient countries. Overall evaluation of Japan's aid sanction policy, see Nikitina and Furuoka (2008b)

(US\$0.81 million), in FY 1993 it increased three-fold to ¥340 million (US\$3.06 million), and reached ¥1.2 billion (US\$11.08 million) in FY 1997 (Saotome, 1997: 39-40).

Furthermore, in 1989, the MOFA introduced the “Small-Scale Grant Assistance (SSGA)” to support local NGOs in aid recipient countries. The amount of aid per project is set at ¥5 million (US\$36.23 thousand). The ministry explained that the SSGA is designed to support projects that are difficult to reach within the existing frame of bilateral grants given by the Japanese government. A special characteristic of the SSGA is that Japanese overseas missions (embassies and consulates) are in charge of screening the feasibility of the proposed projects since the overseas missions are well informed about the situation in foreign countries and are aware of the needs of local communities. Also, they are capable to process requests for assistance more rapidly (MOFAB, 1994: 34).

The SSGA is a very significant innovation in Japan’s ODA program. As Orr points out (1993a: 52-53), in Japan, contrary to the US practice, screening of ODA projects is conducted only by the Tokyo-based ministries. However, the MOFA’s idea to give part of this authority to overseas missions was well accepted by the MOF that approved funds for this scheme. Orr also notes that the Japanese government introduced the SSGA scheme in response to criticisms that Japan’s ODA benefited only Japanese companies.

In 1994, in order to allow a more active participation of Japanese NGOs in aid activities, a special “NGOs Assistance Division” was set up within the MOFA under the Economic Co-operation Bureau. *Japan’s ODA 1994* offers the following rationale for the creation of

the division, “A new division in-charge of NGOs and other private aid activities, NGOs Assistance Division, was created... in the recognition that the need for greater consistency and coherence in the planning, formulation and implementation of the government-NGO co-operation policies and government support measures for NGOs has increased in view of the increasing attention that the NGOs have come to receive from Japanese people in recent years” (MOFA, 1994a: 225-226). Saotome (1997: 38-39) suggests that the lack of officers in the MOFA in charge of NGOs-related issues could be another reason why the new division came into being.

Hirata (1998: 329) observes that since 1996, the government and Japanese NGOs have held regular meetings to discuss government funding for NGOs and some other related issues. According to *Japan's ODA 1996*, “In April 1996, NGOs-MOFA Quarterly Meeting was established for the purpose of exchanging views on ways to promote government-NGOs collaboration. Through such an exchange of opinions with NGOs, the Ministry is ready to further improve its NGO support mechanisms” (MOFA, 1996: 78).

#### **4. Issues for the Reinforcement of the Japanese NGOs' Role in Japan's ODA Program**

The Japanese government has made some progress in engaging Japanese NGOs in its aid programs. However, there remain obstacles that prevent Japanese NGOs from active participation in Japan's ODA policy.

First of all, government schemes for NGOs need to be improved. Wakisaka (1996: 78-79) observes that the process of funds allocation to Japanese NGOs is not based on any system of measurement or any consistent standards. Instead, the decision as to which

group gets funds and the amount of money granted depends upon the discretion of an individual bureaucrat. In a similar vein, Ikegami (1996: 46) maintains that the implementation process of the SSNP lacks transparency. Moreover, the screening process and choice of projects for SSGA funds, which is conducted by foreign missions, is also left to the individual's discretion.

Though the NGOs supporting schemes were designed to support aid projects implemented by Japanese NGOs all over the world, geographical distribution of funds is distorted. Thus, sixty percent of the projects subsidized under the scheme were carried out in Asia, while only five percent of funds were given to projects in Latin America (Ikegami, 1996: 45). This distortion reflects Japan's ODA distribution, which is heavily concentrated in Asian countries.

The second issue that needs to be addressed is the financial status of Japanese NGOs. A survey revealed that 80 percent of Japanese NGOs had annual budget of less than US\$1 million and experienced financial difficulties (Fujisaki *et al.*, 1996/1997: 532). This lack of funds is another obstacle for the NGOs' involvement in ODA programs. Saotome (1997: 39) points out that as ordinary people and private companies in Japan have not yet come to realise the potential of NGOs, it is difficult for Japanese NGOs' to collect donations or subscriptions.

It has been suggested that Japanese NGOs do not get enough institutional support because of their short history (Ikegami, 1996: 44). According to a survey, 60 percent of Japanese non-governmental organizations were established since the middle of the 1980s

(Fujisaki *et al.*, 1996/1997: 532). Some researchers estimate that there are over 350 NGOs in Japan (Ikegami, 1996). Their total membership is 300 thousand people, which accounts for only 0.3 percent of the total population of Japan. Financial difficulties undermine the Japanese NGOs' efforts to establish international networks. Many of the Japanese NGOs "simply cannot afford the personnel and administration for an issue based consensus network, or to appear at international meetings" (Purvis, 1998: 139).

The third issue is Japanese NGOs' legal status. Ninety percent of Japanese NGOs are not formally registered. As Wakisaka (1996: 78) points out, the government only subsidises those organisations that have legal status. According to Ikegami (1996: 44), there is no special legal act in Japan for registration of NGOs.

The Japanese government is not aware of the actual number of non-governmental organizations in the country because many of them have no legal status. These "non-registered organisations" cannot enjoy tax exemption benefits or obtain government subsidies. Though granting legal status to Japanese NGOs is provided by Article 34 of the Civil Code many Japanese NGOs are unable to fulfil the selection conditions (Saotome, 1997: 47).

A member of parliament criticised rigid regulations concerning NGOs' registration and commented that "the conditions for legal status (of an organisation) are very rigorous. The Japanese government, especially the MOF, does not like the idea of letting ordinary people handle funds. They prefer that everyone brings their money to the MOF who

knows best how to use it” (Wakisaka, 1995: 76-81).

One of the reasons why the bureaucrats are reluctant to recognise Japanese NGOs may be that the former have been dominating the distribution of “public goods” for a long time and do not want to share their power with anybody else. As a Japanese publication asserted, bureaucrats regard themselves as the only legitimate providers of public goods and the only protectors of Japan’s national interests (*Kokusai Kaihatsu Janaru*, March 1996: 16-17).

In Japan, public goods are distributed by the state, implemented by bureaucrats and protected by the legal profession. As Purvis observes, Japanese NGOs’ only proper role has been that determined, and controlled, by the stated social security needs of the people. He further comments that Japanese NGOs “have no status and even now, largely because of the enormously difficult procedure involved, only about ten percent of Japanese NGOs have gained legal status... In the end, most of them do not want incorporation because it brings with it government’s permission and supervision, and many would rather keep their activities small” (Purvis, 1998: 137-138)

In March 1998, the Non-Profitable Activities Promotion Act was enacted. Under the new regulations, it became easier for Japanese NPOs (Non-Profitable Organisations) or NGOs to register and obtain legal status that guarantees the eligibility for tax exemptions and access to official funds. However, the Act is not free of shortcomings. A Japanese NGO activist, Kenichi Kusaji, doubts that the Act will empower Japanese NGOs. He maintains

that if many NGOs register under the Act and begin to receive subsidies from the government, they might end up being completely dependent on official funds. Kusaji calls for Japanese NGOs to be independent from the government, so that they can retain a critical perspective on the government's development plans and offer an alternative route when needed (*Alternatives*, February 1999: 5-8.).

Finally, the government has not yet discarded all of its prejudices against non-governmental organizations, and Japanese NGOs, for their part, still mistrust the government. Onuma (1997: 243) maintains that until the early 1980s bureaucrats viewed NGOs as troublemakers. Only in the late 1980s did the government begin to recognize NGOs' potential. Nevertheless, suspicion of NGOs remains deeply embedded in bureaucrats' collective psyche. Even the MOFA despite all its initiatives to engage NGOs is not entirely comfortable with their participation in the ODA projects maintaining that NGOs do not fit perfectly into the ministry's ideas and visions. According to Kumaoka, especially the MOFA's staffs involved in joint projects with Japanese NGOs tend to be rather critical (*Alternatives*, February 1999: 9-12).

Shifting the spotlight on NGOs, Onuma (1997: 243) maintains that Japanese NGOs are hobbled by their own entrenched attitudes as many of them consider co-operation with the government as intrinsically wrong. The NGOs' opinion regarding ODA program further increases the gap between them and bureaucrats. According to Orr (1993b: 12), Japanese NGOs prefer to pursue small-scale activities that address basic human needs, such as environmental protection and education, while the government would rather give funds to large-scale projects, such as infrastructure development. As a result of these

conflicting views, the NGO community has become a major critic of Japan's ODA program.

Hirata (1998: 329) points out that most Japanese NGOs are sceptical of the MOFA's professed intention to seek their cooperation. Some NGOs are apprehensive that the government will use them to compensate for its lack of expertise without allowing non-governmental organizations to participate in the decision-making process of the ODA policy. Also, some Japanese NGOs are concerned about the possibility of losing their autonomy if they start working with the government.

Not only the bureaucrats but also the Japanese public has rather negative perceptions of NGOs. As Purvis (1998: 137) puts it, "NGOs have been viewed as left-wing anti-government oddballs by the public at large". Michiya Kumaoka recounts that when he was founding the JVC many Japanese came across the concept of the NGO for the first time and viewed NGOs with suspicion, thinking that they were groups of "hippies" or "school dropouts" (*Alternatives*, February 1999: 9-12).

In short, despite all attempts to join efforts in the implementation of ODA programs, mutual mistrust and suspicion still linger between Japanese NGOs and the government. In Japan, NGOs do not enjoy wide support from the grassroots and there is an urgent need to enhance the image of Japanese NGOs among the Japanese public.

## **5. Japanese NGOs and the Integrity of Japan's Foreign Aid Policy**

Under the current aid administration system, the decision-making process of Japan's aid policy remains a "black box". No institution in Japan is able to ensure that the country's foreign aid policy is implemented according to the principles of the new aid guidelines. Japanese NGOs, as independent entities, could be in a better position to safeguard the integrity of Japan's foreign aid policy.

The problem is that Japanese policymakers disregard the voice of Japanese NGOs and their advocacy of human rights and democracy. For instance, despite repeated calls from a Japanese NGO, Network for Indonesian Democracy (NINDJA), to suspend foreign aid to the Suharto regime for serious human rights violations in Indonesia in 1998, no punitive measures were taken by the Japanese government against Indonesia. Similarly, when Myanmar's political situation deteriorated in 1996, bureaucrats in Tokyo paid no heed to Japanese NGOs' demands to introduce economic sanctions against Myanmar's military regime.

One reason for the Japanese NGOs' lack of influence over Japan's foreign aid policy is that they are denied formal access to bureaucrats. As Arase (1993: 951) points out, Japan's powerful and autonomous bureaucracy enjoys full control over the routine policymaking process of foreign aid and disregards the opinions of groups that lack direct links to the bureaucracy.

The Japanese government may want to consider establishing formal links, such as councils, to facilitate exchange of opinions on Japan's foreign aid policy between NGOs and bureaucrats. In the current Japanese ODA mechanism, collaboration between public and private sector is institutionalised through councils (*shingikai*). Similar councils consisting of the representatives of both the government and NGOs could give the latter an opportunity to monitor and participate in the deliberations of Japan's foreign aid policy. Besides, regular discussions between representatives of Japanese NGOs and government officers could be able to gradually eliminate mutual suspicions and misunderstandings.

Exchange of personnel could be another means to improve communication channels between Japanese NGOs and ministries. As mentioned in Chapter Five, such a practice exists in Japan between ministries, and even between ministries and private sector. The government may want to consider the possibility of employing temporary personnel from Japanese NGOs and sending its officers on temporary assignments to the non-governmental organizations. This exchange could ease the inclusion of Japanese NGOs into the policymaking process of ODA programs.

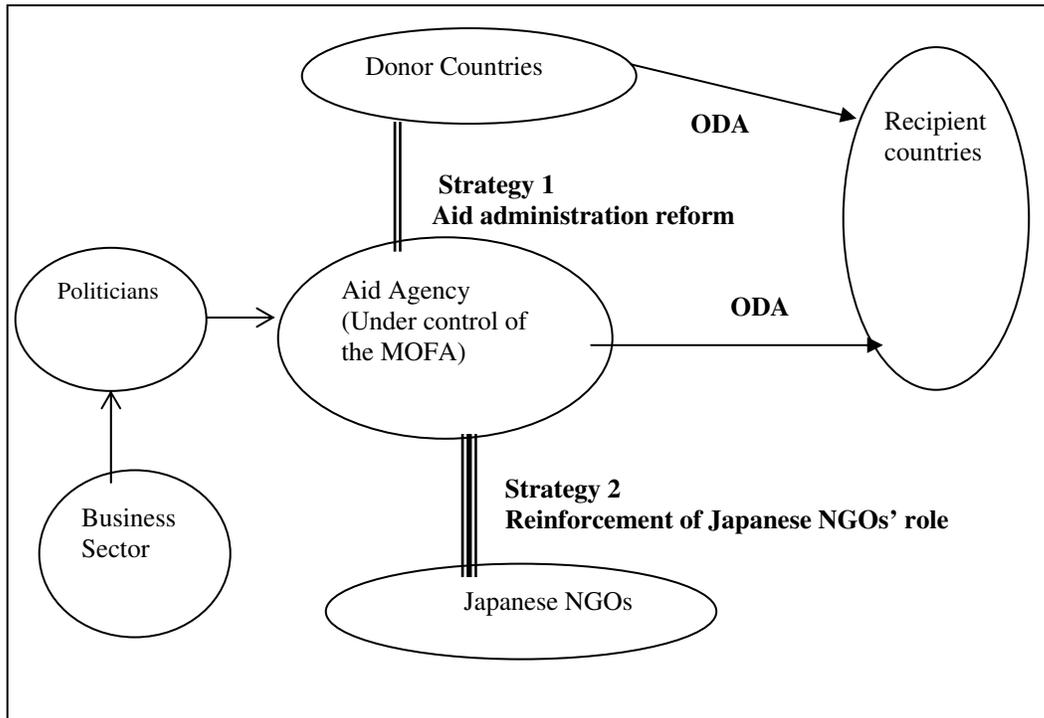
## **6. Other Benefits of the Reinforcement of the Japanese NGOs' Role**

The reinforcement of the NGOs' role in Japan's ODA program is a challenging task. However, if this objective is achieved, at least three advantages could ensue. Firstly, Japanese NGOs would be able to independently carry out the small-scale aid projects that directly address the needs of local communities in aid recipient countries. These

grassroots aid projects could complement the government-supervised large-scale aid projects.

Secondly, the Japanese government could utilize NGOs' staff as an alternative source of information. For example, when the US decided to attack Afghanistan's Taliban, an article offering an alternative view of the Taliban regime appeared in *Asiaweek* (October 18, 2001). In the article, a Japanese doctor who had been providing medical services in Afghanistan for the past 17 years narrated his experience of living and working in the country and offered his opinion concerning the policy toward Afghanistan. Similarly, people working for Japanese NGOs in developing countries could share their insight in the cases when the Japanese government has a limited knowledge of the situation or needs additional information to fine-tune its ODA policy.

Finally, effective co-operation between NGOs and the government could help enhancing the transparency of Japan's foreign aid policy. Under the current system, bureaucrats dominate the policymaking process so that it is difficult for outsiders to access the information on Japan's ODA program. Japanese NGOs, as independent groups with no vested interest, should be invited to evaluate Japan's ODA activities; this could ensure better transparency and accountability of the ODA program.



**Figure 1: Alternative Structure of Japan's ODA Program**

## 7. Conclusion

The reinforcement of the NGOs' role in Japan's ODA program is a challenging task. However, if this objective is achieved, at least three advantages could ensue. Firstly, Japanese Non-governmental organisation would be able to independently carry out the small-scale aid projects that directly address the needs of local communities in aid recipient countries. These grassroots aid projects could complement the government-supervised large-scale aid projects.

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