



Annual Report 2005

The National Institute for Research Advancement Annual Report 2005

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FOREWORD

The National Institute for Research Advancement (NIRA) was established in March 1974 by an act of parliament in response to a proposal made by representatives of the business, academic, labor and local government communities. In the thirty-one years since its establishment, NIRA has clarified a variety of complexly intertwined problems facing modern society, made proposals to influence the course of policy formation, and conducted projects on 993 research themes.



Yotaro Kobayashi
Chairman, NIRA

In commemoration of its 30th anniversary in March 2004, NIRA held a “30th Anniversary Symposium” series in FY 2004. The Institute also compiled and comprehensively systematized its research results for the past four years and formulated a policy package entitled “Comprehensive Strategies for Governance Reform” that delineates a desirable future form and direction for Japan. In parallel with these research advancement activities, NIRA promoted regional research exchanges with the Council of Local Think Tanks and local governments. NIRA also promoted international research exchanges, including co-hosting symposiums and conducting personnel exchanges with overseas think tanks. The Institute was active in providing information through the publication of research results and a new E-mail magazine. In addition, NIRA collected and provided information on policy research being conducted by domestic and overseas think tanks. In particular, *NIRA’s World Directory of Think Tanks 2005* was published as its 5th revised edition. NIRA also conducted the “NIRA Public Policy Research Seminar” in order to provide public policy researchers and personnel with an opportunity to learn the basics of policy analysis by means of practical application.

In FY 2004 NIRA formulated a new mid-term plan covering a five-year period commencing in 2005 (2005-2009). In preparing this plan, NIRA adopted a selective focus on research issues to which its specific capacities enable it to make the greatest contribution and NIRA will concentrate its research resources on these issues. In addition, NIRA has decided to adopt an approach of identifying issues that Japan should address at present to ensure that in the year 2030 the nation is attractive to its own citizens and the citizens of other nations, in order to

provide a long-term perspective. Following these basic guidelines, NIRA has established three priority research areas. The first area of research concerns the maintenance and enhancement of the “comprehensive capacity” of Japan and the Japanese people as a whole, which is an issue that requires initiatives to be taken at the national level. The second area of research concerns regional revitalization and the optimum direction for civil society. Research in this area will be conducted in cooperation with local governments and regional think tanks. The third area of research concerns the ideal form of regional cooperation in Asia. This research will be conducted in cooperation with think tanks in other Asian countries, and will address issues that require international efforts on the part of Japan.

To ensure that NIRA’s research results and policy proposals are readily available to relevant individuals in the field of public policy, we have decided to commence publishing “Policy Briefs,” which will present summaries of the above information. We will also establish the NIRA Policy Forum as a venue for policy makers and researchers to exchange opinions regarding important issues as they arise.

Think tanks are playing an increasingly important role in the process of policy formation as institutions capable of providing alternatives to policies proposed by the government and bureaucracy, and NIRA will continue its activities as a comprehensive policy research institute. We look forward to your continued support.

July 2005

ABOUT NIRA

The National Institute for Research Advancement (NIRA) is an independent policy research institute established on the initiative of leading figures from Japan's industrial, academic, labor and local government communities. The Institute was founded on March 25, 1974 under the National Institute for Research Advancement Act, and is funded through an endowment of capital contributions and donations from both the public and private sectors.

NIRA's primary objective is to independently conduct comprehensive research from a long-term perspective, based on the concept of peace, which will make a contribution to the resolution of various complex issues facing contemporary society. Research topics relate to current and emerging issues in many fields, including economics, politics, social issues, administration, regional issues, and international affairs.

NIRA conducts research both independently and in association with many other domestic and overseas research institutes. In addition to conducting its own research NIRA also supports the research activities of other organizations. The dissemination of research findings, personnel exchanges, and education and training are other key areas of NIRA's work.

Organization

(As of July, 2005)

(1) Board of Directors

Chairman

Yotaro Kobayashi

Chairman of the Board and Director, Fuji Xerox Co., Ltd.

Lifetime Trustee, Keizai Doyukai (Japan Association of Corporate Executives)

President

Takafusa Shioya

Former Administrative Vice Minister, Economic Planning Agency

Vice Presidents

Yoshio Ezaki

Former Councillor, Cabinet Secretariat

Yasuo Sawai

Former Vice Commissioner, Fire Defense Agency of Ministry of Home Affairs (M.H.A)

Heita Kawakatsu

Professor, International Research Center for Japanese Studies

Hirotsugu Koike

President, The Nihon Keizai Shimbun (Nikkei) Europe Limited

Hirochika Nakamaki

Professor, Department of Cultural Research, National Museum of Ethnology (Minpaku)

Auditors

Kinji Koutou

Former Auditor, Industrial Structure Improvement Fund

Hiroshi Yoshimoto

Former President, Tokyo International Financial Futures Exchange, Inc.

(2) Research Council Board

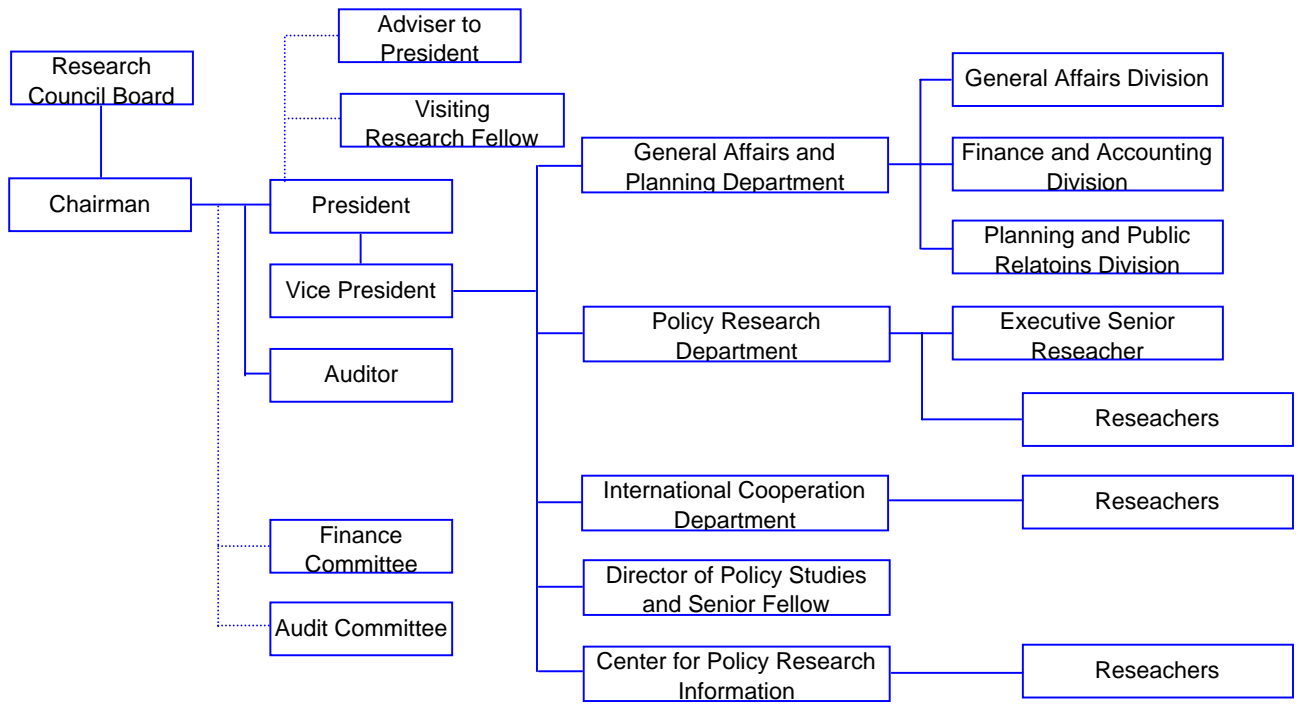
Yoshihisa Akiyama Chairman of the Board of Directors, Kansai Economic Federation	Naomichi Ishige Professor Emeritus, National Museum of Ethnology
Hiroto Ishida Specially Appointed Professor, Institute of Industrial Science, The University of Tokyo	Hiroshi Okuda Chairman of the Board, Japan Business Federation (Nippon Keidanren)
Kazuo Ogura President, Japan Foundation	Tadayoshi Kusano General Secretary, Japanese Trade Union Confederation
Masahiko Kurono President and CEO, Narita International Airport Corporation	Hidesuke Kobayashi Director General, Japan Foundation for Aging and Health
Harumi Sakamoto Vice-Chairperson, Japan Association for the 2005 World Exposition	Yuichi Shionoya Professor of Economics Emeritus, Hitotsubashi University
Futoshi Shirai Chairman of the Board, NTT Data Frontier Corporation	Masumi Shiraishi Associate Professor, Department of Economics, Toyo University

Masayuki Takahashi President, Japan Racing Association	Keiichi Tsuruoka Mayor of Chiba City
Hiroimi Tokoyama Professor, Department of Home Economics, Japan Women's University	Hiroaki Nakagawa Secretary-General, National Governors' Association
Keiko Nakamura Director General, JT Biohistory Research Hall	Sekinari Nii Governor of Yamaguchi Prefecture
Mizue Maeda Director, Japan Overseas Educational Services	Nobuo Yamaguchi Chairman, Japan Chamber of Commerce and Industry
Hiromasa Yoshida Chairman of the Board of Directors, Jichi Medical School	: Chairperson of Research Council Board : Deputy Chairperson

(3) Audit Committee

Takashi Ishikami Deputy Secretary-General, National Governors' Association	Kinji Koutou Auditor, NIRA
Shosuke Tanaka Auditor, National Archives of Japan	Hiroshi Yoshimoto Auditor, NIRA
Ryukoh Wada Director General, Japan Business Federation (Nippon Keidanren)	: Committee Chairperson

Organization Chart of NIRA



Status of Funding

As of the end of March 2005, the amount contributed by the central and local governments and the private sector and the financial schedule for 2005 are as follows

(Unit: millions of yen)

Source of funds	March 2005	Projected increase in FY 2005	Total
Central Government	15,550	-	15,550
Local Government	5,075	10	5,085
Private Sector	5,911	10	5,921
Total	26,536	20	26,556

Reference: Budget scale

(Unit: millions of yen)

Items	FY2004 Approved Budget	FY2004 Settlement of Accounts Budget	FY2005 Approved Budget	Budget Increase and Decrease
(Income)				
From Operating Fund	1,171	1,162	1,043	128
From Sale of Publications	17	11	16	1
Total	1,188	1,173	1,059	129
(Expenses)				
Project Cost	796	670	789	7
Research Activities	586	499	584	2
Research Publications and Dissemination Activities	210	171	205	5
General Operating Expenditure	455	427	438	17
Reserve Fund	10	-	10	0
Total	1,261	1,097	1,237	24

NIRA's Activities

Research Activities

Over the course of its history, NIRA has engaged in comprehensive research to contribute to the resolution of a variety of issues facing Japan's society and citizens. In implementing research, NIRA establishes a Mid-term Plan every five years, which outlines areas and topics to be prioritized, determines contemporary requirements and policy needs independently and from a long-term perspective, and addresses a variety of issues to be clarified.

Research is presently underway in the three areas discussed below, which have been established as priority research areas in the Seventh Mid-term Research Plan, commencing in 2005.

Research Area 1: Maintenance/Enhancement of the "Comprehensive Capacity" of Japan and the Japanese People

NIRA will conduct research on issues that require national level initiatives in order to realize a future vision of Japan as a nation possessing a high "comprehensive capacity," balanced between "economic power," "citizen power" and "power to act in the international community."

Research Area 2: Regional Revitalization/Re-creation and Civil Society

Research in this area will address tasks that regional areas should attend to independently and institutional frameworks to be established through cooperation between the central and local governments.

Research Area 3: Regional Cooperation in Asia

Research in this area will address issues that require international efforts, such as the best form of regional cooperation for Asia.

In the following section, we provide an overview of NIRA's major research achievements and future research projects.

<Research Conducted or Commissioned by NIRA >

The project "Research on Japan's Population Decline and Total National Capacity," conducted from 2003 to 2004, indicated that population decline weakened comprehensive national capacity, which in turn caused further decline in the birthrate. NIRA proposed basic strategies to counter this cycle and reinforce and maintain Japan's comprehensive national capacity. The project "Research

towards the Revitalization of the Legal System, the Market and Civil Society,” which presented a grand design for an integrated and cross-sectoral “Japanese Financial Services and Market Act,” shared the basic concepts of the “Investment Services Act” which is presently being considered by the government. This project also proposed a legal system for the financial services market that Japan should ultimately aim to establish as a market base that will be essential to maintaining and enhancing the nation’s competitiveness. The project “Research on a NIRA Benchmarking Model,” which commenced in 2002, aims to objectively assess the strengths and weaknesses of local governments via comparison with city administrations with a basic focus on administrative costs, and to use the results to improve their administrative services.

Other major research projects include:

- Research on a Japanese Product Liability System (1991-1992)

Amid increasing calls for equitable standards for the resolution of disputes over damage caused by defective products, NIRA established a study group consisting of leading scholars of civil law and the code of civil procedure. As a result, the government increased the pace of its deliberations towards the enactment of the Product Liability Law.

- Research on an Alternative Dispute Resolution Organization (1993)

Recognizing the importance of providing assistance to consumers involved in disputes promptly and without the requirement for complex procedures, NIRA conducted this project to consider the best form for an alternative dispute resolution system. An additional resolution indicating a direction for an alternative dispute resolution organization was passed when the Product Liability Law was established.

- Comprehensive Research on Support Measures to Volunteer Activities (1994-95)

This research project considered systems to support and promote volunteer activities in Japan. NIRA supported the establishment of the Law to Promote Specified Nonprofit Activities (1998) by organizing the contemporaneous discussions and contributing to the formation of a national consensus.

- Research on System for Preventing Harmful Effects from Pharmaceutical Products and Chemicals (1996-1998)

This project considered measures to permanently prevent harmful effects caused by medicines and related products, including the transmission of AIDS by contaminated blood products. The report of this project was submitted to then Health and Welfare Minister Koizumi, which prompted

nationwide efforts in the area of patient-centered medical treatment.

- Research on the Mid- and Long-Term Prospects for Promoting Okinawa (1997)

This project considered the establishment of conditions to promote self-sustaining development in Okinawa. The project focused mainly on the economy, and adopted a long-term perspective. The results of this project were referred to when the Japanese government formulated mid- to long-term promotion measures for Okinawa.

- Civil Measures for Prohibiting Socially Inappropriate Actions (1999-2000)

This project examined legal issues relating to extending the right to initiate legal action to invalidate unreasonable clauses in contracts to consumer groups. After the publication of the research report, review of the issues progressed in various fields, including consideration of the formulation of a law by the Social Policy Council enabling class actions.

**- Japan 1980-1999: A Reexamination of Postwar Economy and Politics
(The Heisei Bubble Economy Study) (1999-2000)**

This research project examined the processes of the formation and collapse of the bubble economy and the lessons that can be learned therefrom. It explored the mechanisms administrations employed to postpone dealing with problems and pointed out the need for information disclosure by inter alios financial institutions and distribution, construction and real estate enterprises.

- A Study of "Law of Life Ethics" (2001-2002)

In response to the delay in the formulation of laws relating to human cloning in Japan, NIRA established a committee consisting of experts in the fields of civil law, life and medical sciences, and the media. This project proposed a "Law of Life Ethics" and a unified set of relevant rules.

Number of Research Projects	993
(Breakdown)	(Total for FY1974-2004)
Research Conducted by NIRA	224
Research Commissioned by NIRA	333
Research Commissioned from NIRA	2
Research Subsidized by NIRA	434

In 2005, NIRA's research projects will include "Strategic Visions towards the Unification of East Asia's Financial Markets," "Confidence Building in the East Asia Sea Countries," Research on India and China in 2030" and "Research on Social Systems to Increase the Comprehensive Capacity of Citizens (tentative name)."

<International Research Exchange>

NIRA represented Japan in the “Joint Research on Economic Cooperation among Japan, China, and Korea,” a project involving Japanese, Chinese and South Korean think tanks. This project is based on an agreement reached by the leaders of the three countries at the ASEAN+3 Meeting in 1999, and the results have been presented at the triennial summit meeting between the leaders. In addition, based on a decision reached at the Japan-Russia summit meeting in 2000, NIRA has held the Japan-Russia Forum annually since 2001 as an opportunity for the exchange of opinions among specialists and , to provide the general public with a clearer grasp of the relevant issues. This project is seen as promoting dialogue between Japan and Russia at the level of private enterprise.

In 2005, in addition to these research exchanges, NIRA will hold two forums. The “World Civilization Forum” was announced by Prime Minister Koizumi at the Asia-Africa Summit held to commemorate the 50th anniversary of the Bandung Conference, and will be held in July. The Forum will be jointly sponsored by NIRA, the Japan Foundation and the United Nations University. Professor Amartya Sen of Harvard University will act as chairperson. The East Asia-Pacific Forum will be held in the fall. This forum will provide an opportunity for representatives of think tanks from Japan, China, South Korea and other Asian nations, Europe and the United States to discuss common issues.

<Regional Research Exchange>

The Council of Local Think Tanks was established with NIRA’s cooperation to promote research and research exchanges by regional think tanks. NIRA’s network with the Council makes a significant contribution to regional revitalization efforts and administrative management reforms in local governments by promoting joint research and holding forums.

In 2005, NIRA will establish the Urban Administrative Evaluation Network Conference (tentative name) in cooperation with regional think tanks and local governments in order to provide an opportunity for the exchange of information concerning administrative reform in local governments, including the use of the NIRA Benchmarking Model.

<Research Grants>

NIRA provides grants to partially subsidize the expenses of independent research projects conducted by domestic and overseas research institutes.

The main aim of the provision of grants to domestic institutes is to promote policy research in regional areas. Major research projects to which NIRA has recently provided grants include “Research on the Policy Evaluation System Utilizing the NIRA Benchmarking Model and Proposals

for Administrative Improvement” and “Research on Wide-Area Local Governments and Revitalization of Communities – Reorganization into the Autonomy System Utilizing Regional Characteristics,” projects which complemented NIRA’s own research.

Projects receiving overseas research grants have included “Research on Policy Priority in an Aging Society” (2001-2003), conducted as a joint research project with the US Urban Institute and an independent NIRA project, and “An Analysis of Emerging Systemic Risks in the 21st Century” (2000-2002), a project conducted by the OECD in which NIRA also participated.

In fiscal 2005, NIRA will choose projects for its General Research Subsidy that relate to planned “Priority Research” to enable their results to be reflected in NIRA’s own research. Grants in the Specific Research Subsidy category are offered to members of the Council of Local Think Tanks for research projects relating to regional revitalization/recreation and civil society.

The results of research conducted to date are widely used as basic materials in public policy debates, and are used as a reference by the government in preparing bills and formulating plans.

Publication and Dissemination of Research Results/Provision of Opportunities for Policy Discussion

NIRA disseminates research results broadly via the *NIRA Research Reports* and commercial publications. In addition to issuing *Research Reports*, in fiscal 2005 NIRA commenced issuing Policy Briefs, which provide summaries of research reports and policy proposals.

NIRA also publishes *NIRA News*, a monthly publication offering a brief summary of the Institute’s recent activities, and *NIRA Newsletter*, an English language bulletin published twice a year. In addition, the Institute has distributed a monthly e-mail magazine since 2004, and makes research information available on its website.

Since fiscal 2005 NIRA has held the NIRA Policy Forum to provide an opportunity for individuals involved in public policy domestically and overseas to exchange opinions concerning important current issues. In addition, *NIRA Policy Research*, a monthly journal published since 1988, makes policy discussions and policy proposals available to a broad readership.

Number of Publications, including NIRA Research Reports		1,344
(Breakdown)	(Total for FY1975-2004)	
Reports of Research Projects Conducted and Commissioned by NIRA	362	
Reports of Research Projects Subsidized by NIRA	384	
Almanac of Think Tank and Directory of Think Tanks	36	
Other Publications	562	

Collection and Provision of Policy Research Information

NIRA provides the following policy research information for research institutes, researchers and policy personnel, in order to support policy research and formulation.

(1) Information on Japanese policy research institutes

NIRA has published the *Almanac of Think Tanks in Japan* annually since 1976 to provide information on the research topics and activities of Japanese policy research institutes. NIRA also provides this information on its website. The latest almanac, the *Almanac of Think Tanks in Japan 2005* (published in December 2004) provides a general picture of 326 research institutes and summarizes the outcomes of 4,237 research projects completed in FY 2003. Since May 2004, information on approximately 75,000 research results, from the *Almanac of Think Tanks in Japan 1983/84* onwards, have been searchable in a database made available on NIRA's website.

(2) Information on overseas policy research institutes

NIRA has provided information on the research topics and activities of international policy research institutes since 1976. The institute has also published triennially since 1993 *NIRA's World Directory of Think Tanks*, the world's only directory of policy research institutes. Information published in the *Directory* is also available on NIRA's website. *NIRA's World Directory of Think Tanks 2005* (published in February, 2005) provides information on 318 institutes in 89 countries and regions.

Since May 2003, the Policy Research Watch project has been collecting and making available bibliographic information on the publications of major policy research institutes around the world. The project focuses primarily on English language magazines and journals. This bibliographic information is also accessible through NIRA's website, and as of the end of March 2005, 1600 data of 35 types of publication, collected from 32 institutes in 18 countries, were searchable.

(3) Saburo Okita Memorial Library

NIRA established the Saburo Okita Memorial Library in October 1994 as a special library providing access to information on domestic and overseas policy research institutes and policy research. The Library collects publications of domestic and overseas policy research institutes in addition to NIRA publications and makes them available for public access.

The library also makes available approximately 5,000 of the publications and papers of the late Dr. Saburo Okita, former Foreign Minister and Chairman of the NIRA Research Council Board, as the “Works of Saburo Okita,” and approximately 6,600 of the publications and papers of Dr. Atsushi Shimokobe, former Administrative Vice Minister for the National Land Agency and second President of NIRA, as the “Dr. Atsushi Shimokobe Archive.” Bibliographic information for these collections is searchable on NIRA’s website.

Educational Program

NIRA has held the NIRA Public Policy Seminar (NIRA Seminar) since FY 2002 in order to foster researchers and research coordinators in the area of public policy research. The Seminar attempts to encourage the participation of a diverse range of actors in the policy process, and is conducted over a period of six months to give participants a thorough grounding in the theory and practice of policy research. Seminar participants, including the private secretaries of Diet members, government employees, employees of government-affiliated agencies, local government officials and think tank researchers and staff, attend lectures and work with case studies of policy research.

NIRA Public Policy Research Seminar: Lectures and Case Studies

Year	Schedule, etc.	Content of Lectures	Case Study Themes	Titles of Reports
2004	Sep.-March, 2005 8 lectures and seminars 4 case study Participants: 24	1) Introduction to Public Policy 2) Lecture: Considering the Public Platform 3) Financial Market Governance (Case A) 4) Multicultural Societies in the Global Era (Case B) 5) Regional Cooperation and East Asia (Case C) 6) Methods of Policy Analysis 7) Techniques of Case Study Research 8) Policy Research Methodology	1) Financial Market Governance 2) Multicultural Societies in the Global Era 3) Regional Cooperation and East Asia	1) <i>Market Governance Reform – Towards the Blending of Civil Society and Market Rules</i> 2) <i>Aiming at a Society of Coexistence – Policy Tasks towards the Creation of a Multicultural Society</i> 3) <i>Dynamism of East Asia and Regional Cooperation – Japan’s Role in the Era of Active Exchange</i>
2003	Sep.-Jan., 2004 5 lectures and seminars 7 case study Participants: 22	1) Policy Research with Impact 2) The Policy Science Approach 3) Policy Analysis I 4) Policy Analysis II 5) Program Evaluation	1) Town Planning and Policy Formation 2) Education and Policy Formation	1) <i>Town Planning and Policy Formation – Developing Citizen Participation in the Landscape and Environmental Fields and their Tasks</i> 2) <i>Institutional Design of Education and the Possibility of Citizenship Education</i>
2002	Sep.-Dec., 2002 7 lectures and seminars 3 case study Participants: 21	1) The Policy Science Approach 2) Methods of Policy Analysis: Economic Analysis of Public Policies 3) Methods of Policy Analysis: The Scope of Policy Process Theories 4) Persuasive Policy Reports 5) Urban Policy in the Era of Decentralization and Restructuring 6) Improvement Conditions for Policy Research 7) Political Administration and Policy Research	1) Political and Administrative Governance 2) Environmental Policies: Proposals to the Administration	1) <i>A New Style of Self-Government as Seen in the Waste Problem - Public Issues and Individual Participation</i> 2) <i>Local Environmental Taxes that Increase Awareness – Background and Issues of and Prospects for its Institutionalization</i>

THE FISCAL 2005 PROGRAM

Fiscal 2005 Plan

1. Basic Policy

The National Institute for Research Advancement (NIRA) conducts comprehensive research to make a positive contribution to the solution of the economic and social problems currently facing Japan and to improve the lives of the nation's citizens.

In FY 2005, NIRA will conduct research based on the Seventh Mid-term Plan (hereafter, "Mid-term Plan"), which provides guidelines for the activities of the institute for a five-year period commencing in 2005. NIRA has adopted a selective focus on areas of research to which its specific capacities are best suited, and within these areas will conduct research on those issues which are most urgent from a policy perspective. NIRA will concentrate all of its resources on these focus areas and issues, conducting independent research, engaging in research exchanges and subsidizing research in order to enhance the level of specialization of its research and fully utilize its research capacity.

In addition, NIRA will endeavor to increase its capacity to disseminate information by enhancing its website, providing prompt updates by means of its e-mail magazine and commencing publication of *NIRA Policy Brief*. The Institute will also provide forums for discussing important policy issues, in addition to educational opportunities for the next generation of policy researchers.

NIRA will also continuously review and endeavor to improve its organization, administration and financial management, which will involve restructuring its internal organization, diversifying its staff of researchers and enhancing its financial base.

2. Research Activities

(1) Research Activities

(Research Guidelines and Areas of Research)

As indicated in the Mid-term Plan, NIRA will focus on research topics that will enable it to extend the focus of research it has conducted to date and to utilize the networks of domestic and overseas think tanks that it has developed. NIRA will intensively concentrate its research resources on these topics, with a focus on the analysis and evaluation of policies and the study of policy proposals from a neutral standpoint. In conducting research, NIRA will adopt an interdisciplinary approach and a long-term perspective. On the basis of these guidelines, in FY 2005 NIRA will plan and implement research that will provide a foundation for research for the next five years and research which results from FY 2004 suggest should be conducted immediately. This research will be situated within the

three “priority research areas” discussed below.

In each of these areas of research, the following approach will be employed to establish a long-term perspective: NIRA will clarify the problems that should be address at present in order to make the Japanese archipelago and Japan as a nation appealing to the Japanese and people from other nations in the world of 2030.

In conducting research, NIRA will give attention to interrelations between research areas to ensure that an image of Japan in 2030 emerges from the overall research results at the end of the research period.

Research Area 1: Maintenance/Enhancement of the “Comprehensive Capability” of Japan and the Japanese People

NIRA’s ideal scenario for the Japan of 2030 is a nation with a stable economic foundation, in which each citizen is respected, feels secure and has a rich life, and which is actively involved with the rest of the world. This presupposes a nation and people with a high “comprehensive capability,” well balanced among “economic power,” “citizen power,” and “power to act in the international community.” To assist in achieving this goal, NIRA will conduct research on issues that require national level initiatives.

Research Area 2: Regional Revitalization/Re-creation and Civil Society

This research area focuses on regional revitalization/re-creation and the ideal form of civil society, looking towards 2030. Research in this area will be conducted in cooperation with local governments and regional think tanks, and will address issues that regional areas should deal with independently in addition to institutional frameworks to be established through cooperation between the central and local governments.

Research Area 3: Regional Cooperation in Asia

This research area will focus on the best form of regional cooperation in Asia looking towards 2030. Research will be conducted in cooperation with think tanks in other Asian countries, and will address issues that require international efforts on the part of Japan.

(Research Subjects)

NIRA will concentrate its research resources on the following subjects as “priority research subjects” for FY 2005 in the three priority research areas discussed above. However, if unexpected changes make it necessary for NIRA to study other subjects, research will be conducted on these subjects as “special research subjects.”

Research Area 1: Maintenance/Enhancement of the “Comprehensive Capability” of Japan and the Japanese People

The Mid-term Plan indicates that NIRA should attempt to formulate basic designs for (1) a social system that will increase the comprehensive capability of the nation’s citizens and (2) a system of government appropriate to 21st century conditions. In FY 2005, NIRA will conduct research that will provide the basis for these designs. Specifically, with regard to (1), after conducting a comprehensive examination of the current status of the fostering and deployment of human capability which will include an international perspective, NIRA will consider appropriate systems for education and vocational training in the home, in companies and in other venues, in addition to a basic direction for reforms, including the establishment of an environment that enables citizens to play more active roles in society. With regard to (2), NIRA will focus on the social security system, consider the basic framework of benefits and financial burden, and make proposals for a system that is both acceptable and sustainable.

In addition, NIRA will identify issues that are likely to arise in the future given the rapid changes occurring at present, and collect and organize materials to consider the type of “comprehensive capability” towards which Japan should be aiming.

Research Area 2: Regional Revitalization/Re-creation and Civil Society

NIRA will adopt a three-tiered approach to the research it conducts in order to promote regional revitalization/re-creation and the development of civil society: (1) collection of examples of independent regional efforts towards revitalization utilizing “regional resources,” and proposal of models; (2) proposal of measures to support and promote regional collaboration; and (3) consideration of appropriate forms of relationship between the central and local governments. In FY 2005, NIRA will base itself on research results accumulated up to FY 2004 and will conduct research on the subjects in these three tiers in a balanced manner. Specifically, with regard to (1), NIRA will consider regional “soft power” based on unique regional cultures, and will propose models to enhance this soft power on the basis of examples of successful independent efforts. For (2), NIRA will establish and develop systems to promote citizen-participatory administrative evaluation in urban administrations, including the use of the NIRA Benchmark Model¹. In (3), NIRA will draw an ideal scenario for a nation composed of decentralized, self-governing regions, which will include the determination of appropriate regional units.

Research Area 3: Regional Cooperation in Asia

NIRA’s Mid-term Plan specifies that research concerning the Asian region will focus on (1) basic

¹ This is a system of performance evaluation indexes for administrative operations and projects conducted by municipal administrations developed by NIRA. It is based on cost indexes, and attempts to determine best practices by comparison between local governments.

concepts for the enhancement of economic cooperation in Asia, (2) confidence building and regional cooperation in Northeast Asia and (3) Japan's long-term foreign policies based on future trends in Asia. In FY 2005, the optimal approach for enhancing economic cooperation will be explored with consideration of current policies and trends in public opinion. Specifically, proposals including the establishment of free trade agreements and other frameworks in East Asia and the construction of an integrated infrastructure in Northeast Asia will be examined. Basic information concerning confidence building in Northeast Asia will be collected and analyzed. At the same time, in order to clarify the foreign policies Japan must adopt looking towards the future, special emphasis will be placed on the future prospects of China and India, given that the BRIC nations² are expected to have a significant presence in 2030.

(2) Methods Used in Conducting Projects

The following measures will be employed when projects are conducted to ensure research of consistently high quality.

(Research Management)

As necessary, preparatory surveys will be conducted prior to the commencement of a project to clarify the research orientation, and research plans will be established accordingly. After the commencement of the research project, efforts will be made to ensure high standards by presenting interim and final reports at NIRA and in other forums. In particular, when research projects focusing on policy issues are conducted, current policies will be evaluated and examined in as much detail as possible. The results will be presented in the interim report and specific policy proposals will be established on the basis of the results of this evaluation and review.

(Research Evaluation)

All research projects to be completed in and after FY 2005, including those commenced before FY 2005, will be assessed by a third party. In addition, an attempt will be made by June 2005 to determine the most appropriate system to increase the objectivity of project evaluations.

(Joint Research Projects and Research Exchange with Overseas Research Institutes)

NIRA will actively proceed with joint research projects and research exchanges with foreign research institutes in its research on regional cooperation in Asia. Research exchanges will be promoted in particular through a network of related think tanks and researchers centering on NIRA, and will be conducted with the aim of exploring issues related to ongoing NIRA research projects.

² The BRICs are Brazil, Russia, India and China, nations which are expected to achieve extraordinary economic growth in the future.

In addition, these exchanges will function as opportunities for the presentation of proposals by NIRA, via the “Intellectual Exchange Conference between Japan, China and South Korea” (tentative name)³ and the “East Asia Pacific Forum” (tentative name)⁴, preparations for the establishment of which are now being made.

(Regional Research Exchange)

Research on regional revitalization and civil society will proceed on the basis of cooperation with regional administrations and think tanks. In particular, NIRA will enhance the cooperative relationship between itself and the Council of Local Think Tanks⁵, which celebrates its 20th anniversary in FY 2005, by conducting joint projects and offering support to the council, focusing on the activities planned in celebration of its anniversary. As part of this program, NIRA will provide opportunities for the exchange of information on administrative management reform in local governments, including the use of the NIRA Benchmark Model.

(Subsidized Research Projects)

To enable their results to be reflected in NIRA’s own research projects, the topics of research subsidized as part of NIRA’s General Research Subsidy category will be selected with reference to the themes of the “priority research projects” that the institute is planning to conduct. Research projects subsidized as part of the Specific Research Subsidy will be conducted by member organizations of the Local Think Tank Forum, and will be limited to topics related to regional revitalization and civil society. All projects subsidized as part of the General Research Subsidy as well as some of the projects subsidized as part of the Specific Research Subsidy will be conducted by more than one institute, in order to promote collaboration.

3. Publication and Dissemination of Research and Provision of Information

(1) Publication and Dissemination of Research Results

The following measures will be put into effect to increase NIRA’s ability to disseminate information on its research.

³ Research on economic cooperation between Japan, China and South Korea will be conducted on the basis of collaboration between think tanks, specialists and researchers in Japan, China and South Korea. The think tanks participating in research will include the Development Research Center of the State Council (China) and the Korea Institute for International Economic Policy (South Korea).

⁴ In addition to the Asian think tanks indicated in Footnote 3, we will ask major European and American research institutes to participate in discussions on shared issues.

⁵ The Council of Local Think Tanks is a group of think tanks involved in research activities related to regional areas. The aim of the Forum is to increase the quality of research by means of mutual exchange in close cooperation with NIRA. The Forum was established under the leadership of NIRA in 1985. As of June 2004, the number of member think tanks was 114.

To foster an intellectual network, NIRA will hold occasional Policy Forums (tentative name) to provide an opportunity for domestic and overseas policymakers, policy researchers and academics to exchange opinions on important policy issues, and will hold symposiums aimed at a broad range of participants.

Emphasis on the use of electronic media to provide information

- a. Research results, policy proposals, papers submitted for conferences and policy related information will be made available on NIRA's website to enable rapid dissemination of information.
- b. An e-mail magazine will be published regularly to provide information on NIRA's activities. To increase efficiency, subscribers to *NIRA News* will be encouraged to transfer to the E-mail magazine.
- c. The range of information available on the website will be increased, and it will also be made easier to use.

We will also publish and distribute *NIRA Policy Brief* that summarizes research results and provide outlines of policy proposals.

NIRA will publish *NIRA Policy Research* every month to present significant policy discussion and policy proposals to a wide range of readers.

(2) Provision of Policy Research Information

Systems and facilities for the collection, organization, analysis and effective use and provision of policy research information are the basic infrastructure of public policy research. In this area, NIRA will concentrate on the following:

Saburo Okita Memorial Library

The Saburo Okita Memorial Library is unique as a library specializing in policy research information. It collects both research reports published by Japanese think tanks and reports published in English by overseas think tanks.

Think Tank Almanac and *NIRA's World Directory of Think Tanks*

NIRA provides information on policy research institutes and research results via the *Think Tank*

Almanac, *NIRA's World Directory of Think Tanks* and "Policy Research Watch (PRW).⁶ In 2005, the Institute will develop a database comprised of the information contained in *NIRA's World Directory of Think Tanks* (2005 edition) available through its website. Efforts will also be made to collect information on a broader range of publications from an increased number of think tanks for PRW.

Information system

To reduce expenses and to enable flexible response to the rapid changes occurring in the advanced information and communications network society, NIRA will comprehensively review its internet-related equipment and facilities with a view to contracting with private providers by the fall of FY 2006.

(3) Educational Program

The NIRA Public Policy Seminar will be held to provide an educational program aimed at fostering future researchers and policy personnel. In addition, a textbook will be published in cooperation with universities and other institutions.

4. Measures to Support the Efficient Implementation of Projects

The possibility of restructuring NIRA's internal organization will be reviewed and an appropriate system for employee evaluation will be established to enable more effective implementation of research projects.

To revitalize research activities, in addition to employing fixed-term researchers, NIRA will set in place the requirements for participation by highly specialized external researchers.

NIRA will make efforts to increase the effectiveness and efficiency of its expenditures, to prioritize its research activities and to promote external auditing.

Efforts will be made to improve NIRA's financial base by increasing funds and ensuring that the institute is able to obtain income from sources other than investments, for example by requesting the beneficiaries of NIRA's activities to support part of the Institute's costs, in consideration of the fact that NIRA's work is conducted in the public interest.

⁶ Policy Research Watch (PRW) is an information database that provides bibliographic information on English-language periodicals and research reports published by think tanks around the world.

Outline of Approved Budget for Fiscal 2005 (based on profit and loss)

(Units: millions of yen)

Item	FY2004 Approved Budget	FY2004 Settlement of Accounts Budget	FY2005 Approved Budget	Budget Increase and Decrease
(Income)				
1. From Operating Fund	1,171	1,162	1,043	128
2. From Sale of Publications	17	11	16	1
Total	1,188	1,173	1,059	129
(Expense)				
3. Project Costs	796	670	789	7
(1) Research Activities	586	499	584	2
Research Programs	130	116	128	2
International Research	32	25	34	2
Regional Research Exchanges	4	3	6	2
Research Grants	64	58	60	4
Research Administrative	356	297	356	0
Salaries for All Employees	260	215	259	1
Provision for Accrued Retirement Allowances	14	13	15	1
Administrative Expenses	82	69	82	0
(2) Research Publications and Dissemination Activities	210	171	205	5
Research Publications	71	49	71	0
Information Programs	115	108	105	10
Other Publications	24	14	22	2
Training Programs	-	-	7	7
4. General Operating Expenditures	455	423	438	17
Salaries for All Employees	163	149	164	1
Provision for Accrued Retirement Allowances	6	7	6	0
Administrative Expenses	281	262	268	13
(Office Rental)	189	182	183	7
(Operating Expenses)	92	80	85	7
Depreciation Expenses	5	5	0	5
5. Reserve Fund	10	0	10	0
6. Additional Expenses	0	0	0	0
7. Corporate Tax, Inhabitant Tax and Enterprise Tax	0	4	0	0
Total	1,261	1,097	1,237	24
(Profit and Loss)	73	76	178	105

NIRA's Seventh Mid-term Plan

Introduction

This mid-term plan provides an overview of the areas of research and the specific issues on which the National Institute for Research Advancement (NIRA) will focus for a five-year period commencing in 2005, and presents basic guidelines for the activities of the Institute. If major changes occur during the period of implementation, the plan will be reviewed as necessary.

NIRA established the “Panel to Discuss the Optimal Direction for Japanese Think Tanks” (Chairperson: Junichi Nishizawa, President of Iwate Prefectural University) as a body to advise NIRA’s Chairman, Yotaro Kobayashi, in December 2002. The aim of the panel was to extend debate on the ideal orientation for Japanese think tanks and to clarify a future direction for reforms of NIRA itself.

In its July 2003 report, entitled “*The Optimal Direction for NIRA as a Public Policy Research Think Tank*,” the panel indicated that in order for NIRA to fulfill its mission, it must work diligently to increase its level of specialization and establish a firmer financial and personnel base. It also pointed out numerous tasks for the future, including thoroughgoing augmentation of NIRA’s capacity to disseminate information, and the necessity of focused efforts towards reform of the Institute’s research and management systems.

In response to the report, NIRA began to consider measures to enable the earliest possible implementation of concrete reforms. This mid-term research plan brings together ongoing measures, measures that NIRA began implementing in FY 2004, and others that will be implemented in the future, based on the panel’s report and NIRA’s own internal reviews.

“NIRA’s research resources tend to be scattered because of the comprehensiveness of its approach. In addition, it is at times difficult to determine from an external perspective what NIRA’s ultimate purpose as a research institute is.” The preceding is a quote from the panel’s report, raising criticisms that have been given a great deal of consideration at NIRA. As discussed in **Section 1, “Research Activities”**, NIRA has adopted a selective focus on areas of research to which its specific capacities are best suited, and within these areas will conduct research on those issues that are most urgent from a policy perspective. Section 1 also indicates NIRA’s determination to concentrate all of its resources on these focus areas and issues, conducting independent research, engaging in research exchanges and subsidizing research in order to enhance its level of specialization and fully utilize its research capacity.

Section 2, “Publication of Research Results and Dissemination of Information,” and **Section 3, “Provision of Opportunities for Policy Dialogue,”** focus on NIRA’s attempts to increase its capacity to disseminate information. NIRA will work steadily to enhance its website, will continue publication of its e-mail magazine and will commence publication of *NIRA Policy Brief*. The

institute will also contribute to the activation of debate on public policy by holding “Policy Forum” (tentative name) as an opportunity for individuals involved in public policy to exchange opinions concerning important policy issues as they arise. In addition, NIRA will play a role in training the next generation of policy experts (**Section 4, “Educational Opportunities”**).

NIRA will also continuously review and strive to improve its organization, administration and financial management, such as restructuring its internal organization, diversifying its staff of researchers and enhancing its financial base (**Section 5, “Measures to Support the Efficient Implementation of Projects”**).

1. Research Activities

(1) Research Outline

As stipulated in Article 1 of the National Institute for Research Advancement Act (NIRA Act), NIRA’s primary objective is to promote the welfare of the people of Japan by conducting comprehensive research to contribute to the solution of problems facing contemporary society. The Act requires NIRA to assess the demands of the times and long-term policy requirements from an independent and global perspective, to choose problems requiring clarification on this basis and to concentrate research resources on these problems.

(The Current Historical Era)

The twenty-first century commenced with the 9-11 terrorist attacks. The US-led global system entered into a fight against terrorism, but no consensus was reached concerning the use of force against Iraq, calling into question the future mode of governance of the international community. Although the international community is facing important issues, including the provision of reconstruction assistance to Iraq, continuing acts of terrorism by extremists, and responding to the issue of North Korea, it has not yet produced scenarios for their solution.

In addition, numerous global problems remain unsolved, including global environmental issues, excessive population growth in the developing world, and problems that go beyond national borders such as infectious diseases like HIV/AIDS and the smuggling of weapons and drugs. Japan seeks to become a permanent member of the United Nations Security Council and to adopt a more prominent role in contributing to solutions to global issues. To achieve this, Japan will require not only economic strength, but also “soft power,” the power to attract other nations by means of its values and unique cultural attributes.

On the economic front, global markets are rapidly expanding. With the rise of China, India and other developing nations, a new international division of labor is being established, redrawing to a significant extent the global map of consumer markets and production bases. The EU has expanded

with the entry of former Eastern European nations, reached an agreement on the formulation of a common constitution, and is aiming towards a deeper integration that includes a political dimension. In East Asia, we can also observe active movement towards economic cooperation and the establishment of economic linkages. At present there is a global trend towards the conclusion of economic cooperation and free trade agreements, and the content of these agreements has expanded from the liberalization of trade and investment to broader forms of cooperation including the unification of market systems. In East Asia, economic relations are deepening, but mutual trust is fragile; Japan must attempt to bolster trust between the nations of the region and promote regional cooperation in East Asia and Asia as a whole.

Although Japan is emerging from the economic slump of the 1990s, a sense of stagnation persists. In the background are concerns over reduced vitality due to population decline and the greying of society, related questions regarding the sustainability of financial and social security systems, the decline in global competitiveness which has been generated by a number of factors including the hollowing-out of industries due to globalization, and various social issues including a decline in public safety. In addition, one of Japan's advantages thus far, the quality of its workforce, is under threat due to the decline in basic scholastic ability and the increase in unemployment among young people. These concerns relate to a decline in Japan's "comprehensive capability"; maintaining and enhancing this comprehensive capability are urgent tasks.

The problems facing Japan – a declining and aging population and the hollowing-out of industry – are even more serious in the nation's regional areas. Traditional regional development measures, which have been largely dependent on the central government, have reached an impasse, due in part to the nation's deteriorating fiscal condition, but we have not yet found a way of making use of the unique characteristics of regional areas to revitalize them. To achieve regional revitalization, in addition to policies to increase the nation's "comprehensive capability," it will be important to establish an environment in which each of the nation's regions is able to act independently. To this end, the central government is currently proceeding with regional revitalization by means of the "Trinity Reforms" and the establishment of designated special zones for structural reform. It will also be necessary to review local government systems in order to develop more appropriate administrative structures and optimize the decision-making process, and to conduct further reforms, including increasing citizen autonomy.

(Research Guidelines and Areas of Research)

NIRA established the "Comprehensive Research Project for the Twenty-first Century" in the second half of the period covered by the Fifth Mid-term Plan. We established several general aims for Japan in the first quarter of the 21st Century – becoming good citizens of Asia while being proud to be Japanese, making proactive pacifism the foundation of Japanese culture and making the Japanese archipelago a living space that is appealing to people from other countries – and conducted

research on the possibility of their realization. In the period covered by the Sixth Mid-term Plan, NIRA utilized the results of this research in conducting strategic research advancement projects concerning “Social Cooperation of Independent Citizens,” “Establishment of a Sustainable Socio-Economic System,” and “Symbiosis of Human Beings and Peace,” in an attempt to clarify the appropriate direction for Japan in the 21st century.

For the period covered by the Seventh Mid-term Plan, NIRA will choose from the general categories discussed above those issues to which its specific resources and research results enable it to make the greatest contribution. In other words, it will choose as major areas of research topics examined as part of the Comprehensive Research Projects for the Twenty-first Century and the Sixth Mid-term Plan that require more detailed research, areas in which the results of previous research can be best applied and areas in which the networks of domestic and overseas think tanks that NIRA has developed thus far can be utilized. NIRA will intensively concentrate its research resources in these areas, focusing on the analysis and evaluation of policies and the study of policy proposals from a neutral standpoint. In conducting research, NIRA will adopt an interdisciplinary approach, bringing together specialist perspectives on society, economy and technology, and will address issues from a long-term perspective.

Following these basic guidelines, NIRA has established the three areas discussed below as priority research areas. In each of these areas of research, the following approach will be employed to establish a long-term perspective: we will clarify the problems that should be dealt with at present in order to make the Japanese archipelago and Japan as a nation appealing to the Japanese and people from other nations in the world of 2030.

The first area of research concerns the maintenance and enhancement of the “comprehensive capability” of Japan and the Japanese people as a whole, looking towards 2030. Our ideal scenario for the Japan of 2030 is a nation with a stable economic foundation, in which each citizen is respected, feels secure and has a rich life, and which is actively involved with the rest of the world. This means a nation and people with a high “comprehensive capability,” well balanced among “economic power,” “citizen power,” and “power to act in the international community.” To assist in the achievement of this goal, NIRA will conduct research on issues that require national-level initiatives.

The second area of research concerns regional revitalization and the ideal form of civil society, looking towards 2030. Research in this area will be conducted in cooperation with local governments and regional think tanks, and will address tasks that the regions should handle independently in addition to institutional frameworks to be established through cooperation between the central and local governments.

The third area of research concerns the ideal form of regional cooperation in Asia looking towards 2030. This research will be conducted in cooperation with think tanks in other Asian countries, and will address issues that require international efforts on the part of Japan.

Research in each of the areas will be closely related. For example, the ideal forms of relations between the central and local governments and the ideal frameworks for cooperation in Asia indicated by research in the second and third research areas will give a specific direction to the design of institutions on the national level in the first research area. Therefore, while giving attention to overall consistency, the intermediate results in each area will be employed in proceeding with research in the other areas; the final research outcomes will represent elements in a comprehensive image of Japan as a nation in 2030.

(Research Subjects)

NIRA will concentrate its research resources on the following subjects as “priority research subjects” in the three priority research areas discussed above. However, if unexpected changes generate other subjects that NIRA should study, research will be conducted on these subjects as “special research subjects.”

Research Area 1: Maintenance/Enhancement of the “Comprehensive Capability” of Japan and the Japanese People

To increase the comprehensive capability of Japan and the Japanese people as globalization proceeds and the nation’s population declines, it will be essential to supplement the decrease in population “quantity” with an increase in “quality,” by increasing the level of knowledge and capability of all citizens (that is, to achieve an increase in the comprehensive capability of the individual). If this strategy is successful, Japan will become a nation possessing a distinctive character, made up of highly capable people. In addition, government systems, including the financial system and systems enabling crisis response, must be modified to adapt them to a globalized world and a reduced population. We will therefore conduct research on the following subjects looking towards 2030.

The first subject is the basic design for a social system that will increase the comprehensive capability of the nation’s citizens. NIRA will consider appropriate systems for effective education and vocational training in the home, in companies and in other venues, in addition to methods of providing an environment in which people are able to play an active role, to enable citizens to make the maximum use of their capacities in a diverse range of fields, including industry, science and technology, public policy and culture. We will also consider methods of fostering and utilizing excellent human capability from a global perspective to enable Japan to have greater input into the establishment of international standards and to communicate Japanese culture more effectively to the rest of the world.

The second subject is the basic design for a system of government appropriate to 21st century conditions. In addition to conducting research on sustainable financial and social security systems in conditions of increasing globalization and declining population, NIRA will also consider the basic

direction for improving the planning and implementation of public policy. Research will also be conducted on the government's role in improving the safety, security and quality of life of citizens and the protection of human rights, and the possibility of a system for partnership between the public and private sectors in these areas.

○Examples of specific research projects

(Projects related to capability building among Japanese citizens)

- Effective systems for education, learning and vocational training
- Basic design of a social system in which people are able to try again when they fail

(Projects related to increasing Japan's involvement in the international community)

- Strategies for Japan to display initiative in establishing international standards
- Proposal for a shared Asian system of corporate governance that considers social responsibility
- Cultural policies to enable Japan's identity to be more effectively communicated to the international community

(Projects related to the basic design of administrative and financial systems)

- Basic design of sustainable financial and social security systems
- Measures to introduce New Public Management (NPM) methods at the national level, including privatization and public-private competitive bidding

(Projects related to safety, security and quality of life)

- Appropriate policy responses consider the effects of the development of IT technologies on national lifestyles
- Basic design for crisis management systems to deal with social risks

(Projects exploring research goals of the abovementioned projects)

- Future scenario and agendas for the world and Japan

Research Area 2: Regional Revitalization/Re-creation and Civil Society

The problems that Japan is facing, such as population decline, the greying of society, and the hollowing out of industry, are particularly serious in many regional areas. In addition to policies at the national level, the achievement of regional revitalization requires independent effort on the part of regional administrations that make effective use of the culture and natural environment of the region. NIRA will therefore conduct research on the following subjects in cooperation with regional administrations, think tanks and universities.

Strategies for independent regional efforts towards revitalization: NIRA will propose models

based on examples that have proven successful elsewhere to serve as a reference in the formulation of strategies by Japan's regional areas. These will include strategies for the use of "regional resources," such as local cultures, natural environment and industries, and international cooperation by cities and citizens.

Promotion of collaboration among a variety of actors in regional communities; It is important that local governments, citizens, NPOs, companies, and universities cooperate effectively in dealing with regional issues. NIRA will consider appropriate systems to support and promote this type of cooperation, and propose models on the basis of successful examples. In particular, research will be conducted on the development and use of NPM, including citizen-participatory administrative evaluation, to make regional administrations more efficient and democratic.

Establishment of conditions enabling all regional areas to plan and conduct independent projects; NIRA will establish as an ideal direction a scenario in which reform of regional systems, including the determination of appropriate regional units, will create a nation composed of decentralized, self-governing regions in which there is considerable citizen autonomy. On this basis, measures to promote decentralization will be considered.

○Examples of specific research projects

(Projects related to strategies for independent regional efforts towards revitalization/re-creation)

- Proposal of regional revitalization/recreation models utilizing "regional resources" and international cooperation by cities and citizens
- Research on efforts to develop "creative cities" in Europe and the use of indexes to measure regional soft power
- Research on methods of utilization of an "Outline for Building a Beautiful Nation" and a "Landscape Law" in regional revitalization/re-creation

(Projects related to the promotion of collaboration among a variety of actors in regional communities)

- Research on new autonomous systems oriented towards collaboration in regions
- Research on efficient public management based on the NIRA benchmark model method⁷
- Improvement of the living environment by promotion of citizen-participatory infrastructure management

(Projects related to the establishment of conditions enabling all regional areas to plan and conduct independent projects)

⁷ This is a system of performance indexes developed by NIRA for the evaluation of the level of administrative work and projects conducted by municipal governments. The system is based on cost-related indexes, and was developed to enable determination of best practices by comparison between administrations.

- Research on the image of a nation composed of autonomous, self-governing regions and appropriate regional units
- Research on the changes in the nation and its regions produced by implementation of the “Trinity Reforms” (financial and taxation reforms)

Research Area 3: Regional Cooperation in Asia

A movement towards enhanced cooperation and economic integration has developed in response to the rapidly growing interdependence of nations in the Asian region. However, there are various impediments to the achievement of economic integration, including potential negative effects and gaps between the level of development of the economies in the region, and therefore it will be necessary to establish strategies to overcome these problems. The promotion of economic cooperation and integration is also expected to have positive benefits in terms of regional security. NIRA will attempt to determine new strategies to enhance reciprocity and facilitate coexistence among the nations of the Asian region on the basis of new cooperation and confidence-building programs, with consideration of the importance of Japan-US relations, which form the basis of Japan’s foreign policy, and of the standpoints of other nations, especially the US under the second Bush presidency, but also Asia Pacific and EU nations. Research will be conducted on the issues discussed below with other think tanks from the Asian region. The results of this research will be presented to governments in the region via these think tanks, in the hope that the proposals they generate will be implemented.

The first area of research is basic concepts for the enhancement of economic cooperation in Asia. The research focus will be trained on the Northeast Asian region⁸, an area in which the negative legacy of the Cold War is still apparent, and a grand design for integrating this vulnerable region will be explored from the perspective of economy and security. Concurrently, an attempt will be made to produce strategic visions for unifying regional financial markets and enhancing economic cooperation among China, Japan and South Korea.

Research will also be conducted on confidence-building and regional cooperation in Northeast Asia. This research will be based on a new perspective: The common identity of Asia as a region that shares in common a sea which is capable of producing peace and affluence, and the potential for future-oriented regional cooperation that will be facilitated by this sea, the “frontier of cooperation.”

The third issue NIRA will explore is Japan’s long-term diplomatic policies based on the future prospects for Asia. In particular, Japan’s relations with China and India, nations that have rapidly gained a strong presence in the region, and with the nations surrounding them, such as the ASEAN and Central Asian nations and Russia, are expected to become increasingly important. NIRA will

⁸ Northeast Asia refers to Japan, the Korean Peninsula, China, the Russian Far East and Siberia, and Mongolia; East Asia is constituted by Northeast Asia and Southeast Asia.

explore the necessary directions for Japan's foreign policy regarding China and India, based on the projected status of these nations in the year 2030. Japan's foreign policy vis-a-vis the ASEAN and Eurasian nations will also be examined, given that these nations will also be affected by enhanced economic cooperation in Northeast Asia.

○ Examples of specific research projects

(Research projects on the basic design (framework) for the enhancement of economic cooperation in Asia)

- A grand design for deepening economic cooperation in the Northeast Asian region
- A strategic vision for establishing an integrated financial market in East Asia
- Analysis of the economic effects of a Japan-China-South Korea FTA and proposals for enhancing new forms of economic cooperation

(Research projects on regional cooperation with nations in East Asia Seas)

- Confidence building in the East Asia Seas

(Research projects on Japan's long-term foreign policy based on future prospects for Asia)

- Prospects for China and India for 2030 and the ideal direction for Japan's foreign policy
- Prospects for the ASEAN nations for 2030 and the ideal direction for Japan's foreign policy

(2) Methods used in conducting projects

The following measures will be taken when projects are conducted to increase the quality of research.

(Research Management)

As necessary, preparatory surveys will be conducted prior to the commencement of a project to clarify the orientation to be adopted towards the research topic, and appropriate research plans will be established on this basis. After the commencement of the research project, efforts will be made to improve the quality of the research by presenting interim and final reports within NIRA and in other forums. In particular, when research projects focusing on policy issues are conducted, current policies will be evaluated and examined in as much detail as possible. The results will be presented in the interim report and specific policy proposals will be established based on the results of this evaluation and examination.

(Research Evaluation)

In order to improve the quality of research results and the efficiency of research management, NIRA's research projects will be evaluated both by NIRA and by an outside organization. The

evaluation results will feed back into the research project, and will be published on NIRA's website, etc.

In addition, an attempt will be made to determine the ideal system of evaluation to increase the objectivity of project evaluations.

(Joint Research Projects and Research Exchange with Foreign Research Institutes)

In conducting research on regional cooperation in Asia, joint research projects and research exchange will be actively promoted with foreign research institutes. In particular, research exchanges using a network centering on NIRA and constituted by related think tanks and researchers will be conducted to explore issues related to research projects being conducted by NIRA. In addition, this network will be utilized as a venue for presenting NIRA's policy proposals. Special emphasis will be placed on establishing new venues for exchange such as the "Intellectual Exchange Conference between Japan, China and South Korea" (tentative name)⁹ and the "East Asia Pacific Forum" (tentative name)¹⁰. In addition, NIRA will endeavor to promote dialogue with think tanks from Asia, the EU and the US when meetings are conducted in these frameworks.

(Regional Research Exchange)

Research on regional revitalization and civil society will proceed on the basis of cooperation with regional administrations and think tanks. In particular, the cooperative relationship between NIRA and the Council of Local Think Tanks¹¹ will be enhanced by conducting joint projects and offering support to the council's activities. As part of these efforts, the "Municipal Administration Evaluation Forum" (tentative name)¹² will be established to serve as a venue for promoting the exchange of information on administrative management reform of local governments, including the NIRA Benchmark Model.

(Subsidized Research Projects)

⁹ Research on economic cooperation between Japan, China and South Korea will be conducted on the basis of collaboration between think tanks, specialists and researchers in the three nations. The think tanks participating in research will include the Development Research Center of the State Council (China) and the Korea Institute for International Economic Policy (South Korea).

¹⁰ In addition to the Asian think tanks indicated in Footnote 3, we will ask major European and American research institutes to participate in discussions on shared issues.

¹¹ The Council of Local Think Tanks is a group of think tanks involved in research activities related to regional areas. The aim of the Council is to increase the quality of research by means of mutual exchange in close cooperation with NIRA. The Council was established under the leadership of NIRA in 1985. As of June 2004, there are 114 member think tanks.

¹² This Forum was proposed by NIRA as a venue for municipal administrations to collect information and exchange opinions on administrative evaluation and methods of administrative reform. Regional administrations and regional think tanks are potential members.

The topics of research subsidized as part of NIRA's general research subsidy category will be selected with reference to the themes of ongoing and future projects conducted by NIRA, to enable their results to be reflected in NIRA's own projects. Research projects subsidized as part of the specific research subsidy category will be conducted by member organizations of the Council of Local Think Tanks, and will be limited to topics related to regional revitalization and civil society. All projects subsidized as part of the general research subsidy category and some of the projects subsidized as part of the specific research subsidy category will be projects conducted by more than one institute, in order to promote collaboration among research institutes.

2. Publication of Research and Provision of Information

NIRA will adopt the measures described below to ensure that its research results and the information it gathers on domestic and international policy research circulates widely among policy makers, researchers and the general public. At the same time, the institute will work proactively to make available information concerning its activities.

In addition, by means of these activities, NIRA will promote interactive exchange with the people who utilize the information it makes available, enabling it to gain a clearer understanding of their needs and to reflect their opinions in its activities, in addition to providing citizens with a venue for policy discussion.

(1) Publication and Dissemination of Research Results

Symposiums

Active exchange of information will be conducted with specialists, policy makers and the general public at symposiums and forums to ensure that NIRA's research results are utilized in the policy-making process.

Utilization of appropriate media

NIRA will select the most appropriate media (print publication, electronic media, etc.) and timing in order to ensure effective dissemination of research results, interim reports and conference outlines.

(Improvement of NIRA's website and publication of e-mail magazine)

Research results, policy proposals, papers submitted for conferences and outlines of discussions will be made available on NIRA's website to enable prompt provision of information. In addition to increasing the range of information on the website, we will also increase its ease to use.

An e-mail magazine will be published regularly to provide information more promptly and to make it available to a wider range of individuals and organizations. *NIRA News* will also be gradually replaced by an e-mail magazine for subscribers.

(Publication of research results)

NIRA will actively proceed with commercial publication as an efficient means of achieving broad dissemination of research results, etc.

NIRA will introduce its publications on its website, and selected publications will be reproduced whole in part on the website. These measures will contribute to increasing the accessibility of NIRA's , inter alia, research results and will also promote sales of NIRA's publications.

Older publications that have gone out of print will be sold as CD-ROMs to ensure that they continue to be available.

Tailoring the style of publication to the user

At the same time as we provide information via forums, e-mail magazines, etc., we will publish *NIRA Policy Brief* that summarizes research results and policy proposals specifically for policymakers and politicians.

In addition, when a publication is intended to stimulate debate among the general public, it will be written in an accessible style suitable for non-specialists.

Utilizing the mass media

NIRA will actively hold press conferences, and invite the media to lectures and forums. The news releases provided to the media will be written in a style that has an impact on readers.

(2) Policy Research Information

NIRA will improve and enhance its ability to collect, organize, study and analyze policy research information, as a basic infrastructure related to public policy. At the same time, NIRA will endeavor to facilitate efficient use and provision of policy information.

Think Tank Almanac and *NIRA's World Directory of Think Tanks*

To reduce workload and increase economic efficiency and convenience for users NIRA will gradually shift towards providing the information contained in these publications on its website.

Policy Research Watch (PRW)

Policy Research Watch (PRW) is an information database that provides bibliographic information on periodicals and research reports in English published by think tanks around the world. Efforts will be made to collect information on an increasing range of publications from an increased number of think tanks; when the accumulated information reaches a specific level, NIRA will reexamine the future direction of the database.

Saburo Okita Memorial Library

The Saburo Okita library is a library specializing in policy research-related publications which holds materials not available elsewhere. In addition to the “Works of the Dr. Saburo Okita” and “Dr. Atsushi Shimokobe Archive” the library collects research reports published by domestic research institutes but are rarely provided in general circulation, which are valuable research resources of analysis and long-term preservation.

Information system

To reduce expenses and to enable flexible response to the rapid changes in a society oriented towards advanced information and communications networks, NIRA will comprehensively review its internet-related equipment and facilities with a view to contracting with private providers.

On this basis, NIRA will subsume the database it presently uses into a more general purpose database.

3. Provision of Opportunities for Policy Dialogue

(1) Forums

To foster an intellectual network, NIRA will hold occasional “NIRA Policy Forums” to provide an opportunity for domestic and overseas policymakers, policy researchers and academics to exchange opinions on important policy issues.

(2) Monthly Publication of *NIRA Seisaku Kenkyu* [*NIRA Policy Research*]

NIRA will publish *NIRA Seisaku Kenkyu* every month in order to provide access to research results, offer information which will contribute to policy-making and policy research to a wide range of readers and provide a forum for specialist policy discussion and the presentation of policy proposals.

To that end, *NIRA Seisaku Kenkyu* will include papers submitted by researchers from NIRA and other institutes, articles on policy research trends in other nations, particularly Asian nations, papers analyzing regional policy issues by researchers from domestic think tanks and local government personnel and papers contributed by citizens.

4. Educational Program

In order to ensure the continuing robustness of public policy research, planning and evaluation, it is essential to foster researchers and personnel who will be involved in the actual policy-making process. It is desirable for researchers to have an understanding of the actual process of policy formation, and for personnel who will be involved in the policy formation process to have experience in policy research. To enable that these requirements be met, NIRA will provide opportunities for training and exchange to young researchers and policy personnel.

(1) NIRA Public Policy Seminar

The NIRA Public Policy Seminar is an introductory course in policy research provided for a wide range of participants, including future researchers, policy personnel and policy coordinators. In this seminar, the basics of policy research are learned by means of practical activities. The trial seminars conducted in fiscal 2002 and 2003 and the first seminar conducted in fiscal 2004 will be reviewed to enable improvements to be made in order to increase the level of satisfaction of participants. In addition, a textbook will be published in cooperation with universities and other institutions.

(2) Accepting Trainees

Depending on the status of its research activities at the time, NIRA will offer positions to trainees in order to foster the skills of young researchers in comprehensive research activities via on-the-job training.

5. Measures to Support the Efficient Implementation of Projects

(1) Establishment of a System Facilitating Efficient Implementation of Projects

In an attempt to optimize its organization, NIRA is conducting reviews towards a restructuring involving streamlining of the General Affairs and Planning section and the prioritization of important functions in this section, the granting of authority and responsibility to the Research section and enhancement of its ability to support research projects conducted by other research institutes and to efficiently organize projects on the basis of research field and topic.

(2) Reorganization of the Evaluation System to Improve Research Advancement Activities

NIRA will endeavor to determine the ideal system for evaluation of its employees' activities, to enable its personnel to achieve optimal performance.

Internal regulations will also be reviewed in order to clarify appropriate payment and conditions for employees in consideration of their qualifications and research achievements. At the same time, criteria for evaluating voluntary research activities will also be established. In addition, emphasis will be placed on employing fixed-term researchers with excellent research and coordination skills.

(3) Revitalization of Research Activities through Increased Research by External Specialists

To enable further development of its research activities, NIRA will review its system for inviting research fellows. Efforts will be made to improve the system to facilitate the flexible participation of highly specialized external researchers in NIRA research projects.

(4) Increasing Funds and Ensuring Income Other than Income from Investments

NIRA is a financially self-sufficient corporation, and therefore the scale of its expenses is dependent on the scale of the income it earns from investments. NIRA intends to make efforts to increase the effectiveness and efficiency of its expenditures and to prioritize its research activities. External auditing will be promoted, with a focus on cost-effectiveness.

Efforts will also be made to increase NIRA's funds and to ensure income other than income from investments by requesting those benefiting from NIRA's activities to support part of the institute's costs, in consideration that NIRA's work is conducted in the public interest. These efforts will contribute to improving NIRA's financial base.

ACTIVITIES IN FISCAL 2004

Summary

In accordance with its mid-term research plan for activities between FY 2001 and 2005, “NIRA Activities in the 21st Century,” and oriented by results obtained over the institute’s long history of research, NIRA has proceeded with research intended to clarify contemporary issues facing Japan’s socioeconomic system and contribute to the quality of life of the nation’s citizens. These research activities were divided into four categories (Strategic Research, Regional Research, Specific Policy Research and Basic Research); Strategic Research was further divided into three subcategories (Social Cooperation of Independent Citizens, A Sustainable Socio-Economic System and Coexistence of Human Beings and Peace). In FY 2004, research activities were conducted in accordance with a research plan designed to enable the completion of the mid-term plan one year ahead of the initial schedule.

In FY 2004, nine new projects were conducted and eight were continued from the previous year in the Strategic Research category; two projects were continued from the previous year in the Specific Policy Research category; one new project was conducted in the Basic Research category. (No projects were conducted in the Regional Research category).

While conducting these research activities, NIRA hosted a series of symposiums in each of five policy fields (government, civil society, the market, East Asia, global society) to commemorate its 30th anniversary, ensuring broad dissemination of its interim research results to the public. The results of research projects which were conducted as part of the 30th anniversary events were also summarized as a “Comprehensive Strategy for Reforming Governance,” which was announced in June 2005.

In FY 2004, NIRA conducted a number of international research exchange activities, including jointly sponsoring symposiums with overseas research institutes. At the same time, the Institute conducted regional research exchanges with the Council of Local Think Tanks and local government agencies.

NIRA published its research results in *NIRA Research Output* and its monthly journal, *NIRA Seisaku Kenkyu (NIRA Policy Research)*. Results were also made widely available as book-length publications in the *NIRA Challenge Books* series, were reported in the bulletins *NIRA News*, *NIRA Newsletter* and the NIRA e-mail magazine, and were presented on the NIRA website and at NIRA-sponsored forums.

The Center for Policy Research Information continued in FY 2004 to refine systems for the collection, analysis and provision of policy research information. NIRA’s Saburo Okita Memorial

Library provides access to the publications of the late Dr. Saburo Okita and an archive of the publications of Dr. Atsushi Shimokobe. In addition, information is available on the research activities of leading international and domestic think tanks. NIRA also endeavored to enhance the establishment of think tank networks in order to facilitate rapid mutual exchange of policy research information

Research Activities

1. Research Advancement Activities

◀Strategic Research▶

(1) Social Cooperation of Independent Citizens

Research was conducted on the reorganization of local governments and the prospects for a new regional system, and a proposal was presented concerning the establishment of a comprehensive evaluation system for municipal governments. This is considered essential to facilitating a system of self-governance by the residents of regional areas, which will form the foundation of democratic politics in an era of decentralization. Other research topics included a NIRA policy evaluation model.

(2) A Sustainable Socio-economic System

Proposals were presented concerning urban and regional policies suited to an age of population decline, i.e. of deurbanization, and the establishment of a comprehensive and cross-sectoral legal and systemic infrastructure in financial markets. In addition, a research project was conducted on the establishment of a system of cultural administration based on collaboration among cities. A trilateral joint research project was also conducted on economic cooperation between Japan, China and South Korea, including the possible establishment of a free trade area.

(3) Peace and Human Coexistence

Research explored a system of global governance oriented towards the establishment of a new, post-9.11 international order. In addition, research was conducted on the economic integration of Northeast Asia and the best direction for strategic Japan-India relations from the perspective of regional cooperation.

◀Specific Policy Research▶

A project was conducted to examine the effect of population decline on Japan by means of the concept of “comprehensive national capability.” A basic survey of socioeconomic indexes was conducted as a related project.

◀Basic Research▶

Basic research was conducted on economic indexes for Northeast Asia.

2. International Exchange Programs

NIRA promotes exchanges with overseas research institutes and researchers, and sponsors international conferences and symposiums with the aim of advancing international policy research. In FY 2004, NIRA hosted the 13th Northeast Asia Economic Forum (with the Northeast Asia Economic Forum (NEAEF)), the 4th Japan-Russia Forum (with the Center for Strategic Research, Moscow), the 8th Scholarship Conference on the East Asian Economy, and the Japan-EU Think Tank Roundtable (with the Japan Foundation and the European Policy Centre.)

3. Research Grants

NIRA provides grants to partially subsidize joint research projects conducted with domestic and overseas research institutes. In FY 2004, Specific Research grants were provided to domestic regional think tanks involved in five research projects and General Research grants were provided for two research projects conducted jointly by several domestic research institutes. NIRA did not provide research grants to overseas research institutes in FY 2004.

4. Regional Research Exchange

Exchange with the Council of Local Think Tanks

The Council of Local Think Tanks was established in April 1985 with the aim of promoting research and exchange among local think tanks. As of March 2005, 107 institutes were participating in the council. In FY 2004, NIRA and the council co-sponsored a Local Think Tank Forum entitled "Strategic Management of Local Government Bodies Based on Administrative Evaluation." In addition, NIRA supported other conferences and workshops participated in by local think tanks, such as a training workshop for researchers, a meeting to present the research results from the project "Revitalization of Cities and Regions and the Strengthening of Collaboration and Cooperation," and a conference at which local think tanks discussed their management strategies.

5. Research Awards

Okita Commemorative Award for Policy Research

Winners of the Fifth Okita Commemorative Award for Policy Research

This award is named in honor of the late Dr. Saburo Okita, former Minister of Foreign Affairs and second Chairperson of NIRA's Research Council Board. In the latter capacity, Dr. Okita made significant contributions to the development of policy research in Japan. The intention of this award

is to increase awareness of Dr. Okita's achievements and encourage policy research in Japan. The winners of the award in FY1 2004 in the General Publications section were *Kyoiku to Keizai Hatten – Tojokoku ni Okeru Hinkon Sakugen ni Mukete* (Education and Economic Development – Towards the Reduction of Poverty in Developing Nations), co-edited and co-authored by Keijiro Otsuka and Takashi Kurosaki, and *Chiho Kofuzei no Keizaigaku – Riron Jissho ni Motozuku Kaikaku* (The Economics of the Local Allocation Tax – Reform Based on Applied Theory), co-authored by Nobuo Akai, Motohiro Sato and Koji Yamashita. No award was announced in the Regional Policy Research section. The award winners presented speeches at the award ceremony held on October 25, 2004.

6. Publications and Dissemination of Policy Research Results

NIRA's publications in FY 2004 included six issues of *NIRA Research Report*, one edition of *NIRA Research Output* (in English) and three book-length publications. In addition, NIRA purchased research reports from six projects which the institute subsidized, and provided them to policy makers, research funding bodies and libraries in order to make them broadly available to concerned parties.

In FY 2004, NIRA published the periodicals *NIRA News*, a monthly publication enabling the Institute to provide regular reports on the current status of its research activities, the *NIRA Newsletter*, an English language pamphlet published twice yearly, and *NIRA Seisaku Kenkyu*, published monthly.

7. Forums

Forums held in FY1 2004 included the Local Think Tank Forum "Strategic Management of Local Government Bodies Based on Administrative Evaluation" in Kanazawa City and a follow-up seminar in Tokyo, "Research on the Optimal Direction of International and Cultural Exchange."

8. Invitation of Visiting Research Fellows

In FY 2004, NIRA invited visiting research fellows from China, South Korea, the United States, Canada and from within Japan.

9. Collection and Provision of Policy Research Information

(1) Collection and Analysis of Information on Policy Research

In FY 2004, NIRA continued to actively collect and analyze information on overseas and domestic policy research and policy research institutes.

(2) Management and Provision of Information

a. Information on major policy research institutes from around the world

In FY 2004, NIRA collected, organized, and provided access to journals and reports published by some of the world's major policy research institutes, and surveyed and analyzed the research activities undertaken by these institutes. *NIRA's World Directory of Think Tanks 2005* was published in February 2005. The directory provides details of the organizational structures of these think tanks and the research activities in which they engage, functioning as the "soft infrastructure" for a global network of think tanks. The publication provides information on 318 research institutes from 89 nations. NIRA also proceeded with the establishment of its "Policy Research Watch" project. "Policy Research Watch" is a bibliographic database of journals, papers and occasional publications produced by think tanks around the world, which enables these data to be searched through the internet.

b. Information on Japanese policy research institutes

In December 2004, NIRA published the *Almanac of Think Tanks in Japan 2004*. This volume examined at the 4,237 research projects completed by Japanese think tanks in fiscal 2004, providing a brief statement of research theme and an abstract for each.

c. Saburo Okita Memorial Library

The library provides access to information related to policy research and think tanks. It also makes the works of the late Dr. Okita and the "Dr. Atsushi Shimokobe Archive" available to the public as special collections.

NIRA proceeded with the creation of electronic versions (in PDF format) of its publications and research reports. At the same time, NIRA continued with the registration of its publications on the National Center for Science Information Systems (NACSIS) Webcat, a searchable catalog database of books and materials held in the library collections of national universities and government-affiliated organizations, with the aim of achieving broader dissemination of its research results by enabling them to be searched through external networks.

d. Databases

NIRA has continued to develop databases to allow access to the information concerning Japanese and foreign policy research which it has collected and systematized. In 2004, NIRA collected and made available:

- (i) Abstracts of domestic policy research projects (Japanese)
- (ii) NIRA publications (in Japanese and English)
- (iii) Information on Japanese and overseas policy research institutes (in Japanese and other

languages)

e. Networks and information distribution

NIRA provides information concerning its own research activities and those of other domestic and foreign policy research institutes through its website. In addition to this, an e-mail system has been established to promote mutual exchange among policy researchers.

f. Educational Program

The "NIRA Public Policy Research Seminar (NIRA Seminar)" was conducted over a seven-month period commencing in September 2004. The aim of the seminar is to give individuals from a diverse range of fields an opportunity to discuss and learn more about public policy research. The seminar emphasizes interdisciplinarity, pluralism, and comprehensiveness; the employment of both theoretical and practical approaches; and the application of case study methods. It functions as an introductory course for academics, policy coordinators and those responsible for implementing public policy, and attempts to increase the level of understanding of the importance of scientific analysis and evaluation of policy.

Miscellaneous

1. Research Council Board

NIRA's Research Council Board (composed of up to 25 academics and specialists representing a variety of fields) examines annual programs and other issues of importance to NIRA's activities. At its 48th meeting held on July 15, 2004, a new member of the board was elected to take on the role of NIRA auditor, and the revision of procedural manuals was discussed and approved. At the 49th meeting, held on February 21, 2005, NIRA's 7th Mid-term Plan and FY 2005 Plan were examined and approved, on the understanding that they would be partially revised at the discretion of the Chairperson of the Council Board.

2. Audit Committee

The 32nd meeting of the five-member NIRA Audit Committee held on July 30, 2004 discussed and examined NIRA's financial records and research activity for FY 2004.

3. Specific Measures Taken to Reform NIRA

In February 2004, the NIRA Reform Committee agreed upon concrete measures to be taken to improve NIRA's research system, increase its capacity to disseminate information, improve its

organizational management and enhance its financial base. In July 2004, the desirable orientations for international research exchange and policy research activities were discussed, and specific measures to realize these were summarized. NIRA is implementing these measures beginning with those that are most immediately feasible.

4. Auditors' Inspection

NIRA's auditors conducted a two-month audit from mid-April to mid-June 2004 and examined the Institute's activities in the previous fiscal year. All of NIRA's departments were the subject of the audit; approximately 500 internal memos and other documents formulated in fiscal 2003 were examined carefully and the persons who produced the documents were interviewed.

In each case, the auditors gave instruction and advice to the relevant individuals concerning the ways in which documents should be formulated and organized.

5. Establishment of a System for Accepting Trainees

NIRA established regulations concerning trainees on September 9, 2004 to enable it to train researchers to conduct comprehensive research and foster personnel able to plan comprehensive research.

It is now possible for NIRA to accept researchers from other research institutes and universities as trainees. The training term is limited to six months and the trainees are unpaid during training. Trainees receive on-the-job training by participating in NIRA research projects.

6. Invitation of Financial Contributions

Both the Panel to Discuss the Optimal Direction for Japanese Think Tanks and the NIRA Auditing Committee have pointed out the necessity of inviting new financial contributions to enhance and strengthen NIRA's financial base. The NIRA Reform Committee adopted this proposal, and NIRA commenced inviting financial contributions from individuals and organizations in March 2004, with the commencement of activities in commemoration of the institute's 30th anniversary

7. Disclosure of Information

NIRA has established a desk in its Planning and Public Relations Division to deal with the provision of information concerning the institute. NIRA also provides a wide range of information on its website, including a constantly updated list of documents which are available to the public upon request, basic information on the Institute's organization, functions and financial status, and explanations of procedures for requesting information.

8. Reform of the Research Evaluation System

NIRA has to date relied on a system of in-house evaluation to ensure that its research maintains a consistent quality. In FY 2004, however, the items subject to evaluation and the documents employed in evaluations were reviewed. In addition, outside evaluation of research results, which has been trialed since 2002, was systematized, and two research projects conducted by NIRA were evaluated by a third party.

In future, NIRA will develop and implement a more objective system of evaluation.

NEW RESEARCH PROJECTS IN FISCAL 2004

NIRA-Conducted Research

<Strategic Research Advancement>

Social Corporation of Independent Citizens

Memorial Event of NIRA's 30th Anniversary: Research on the NIRA Policy Evaluation Model (Research term: July 2004 - March 2005)

In recent years, policy evaluation has drawn increasing attention as an important tool to improve governance of the public sector. To formulate policies more efficiently through this method, central government ministries and local governments have been pursuing a process of trial and error. This research project examined the current policy evaluation act to identify needed improvements. It also developed a "NIRA Policy Evaluation Model" as a practical tool for third parties to evaluate national policies.

This model is designed to evaluate national policies and propose improvements and/or alternative plans. Because this model deals with national policies, difficulties occur in terms of evaluation, such as "policies are too abstract," "many decision-makers are involved in policies," "there are multiple theoretical frameworks on which the policies rely." To deal with these problems, this model has the following features. First, the model simplifies the process of discovering policy problems by using checklists. Second, if the procedure is followed, improvement and alternative plans for policies can be proposed. Third, it aims at pluralistic evaluation.

Research on Establishing a "Municipal Administrative Evaluation Forum (tentative title)" (Research term: December 2004 - June 2005)

In recent years, many local governments have endeavored to introduce administrative evaluation procedures in order to improve the efficiency of administrative management. The evaluation standards, however, are applied independently, and therefore, a common platform whereby local governments are able to exchange their evaluation results is necessary.

This research project presented perspectives for a "comprehensive administrative evaluation platform for municipal governments," which was the project's final goal. As a first step, the feasibility of establishing a "municipal administrative evaluation forum" was examined based on the cooperation of the members of the Council of Local Think Tanks.

Peace and Human Coexistence

The Optimal Direction of a Japan-India Strategic Relationship **–From the Perspective of Regional Cooperation in Asia–**

(Research Period: April 2004-March 2005)

Driven by the IT industry, India's economy has grown steadily since the 1990s. On the other hand, the nation faces complex problems such as basic infrastructure, social problems (e.g., poverty and social welfare), and democratic politics centering on the respective interests of the caste groups, problems that may come to check the sustainable development of the nation.

NIRA's research project conducted in 2003, brought to light the lack of (1) academic research on the sustainable development of the Indian economy and (2) policy proposals on Japan-India relations. In order to respond to these deficiencies, this project aimed at research based on the current status of the Indian economy. Specialists were invited for interviews and field research was conducted to examine the issues raised in the study group discussion. Based on an in-depth analysis of the nation's economic, social and cultural contexts, this research project attempted to identify the factors that may hinder the sustainable development of the Indian economy. At the same time, policy proposals to eliminate these factors and the optimal course of Japan-India economic relations were presented.

**Memorial Event of NIRA's 30th Anniversary:
Global Governance – In Quest of a New International Order**

(Research Period: April 2004-March 2005)

Focusing on analyzing the status in Afghanistan and Iraq, this research project considered the ideal forms of global governance, for example steady promotion of comprehensive strategies against “new threats”, strategies that emphasize human security and the strengthening of cooperation in the international community, including the United Nations. As current global governance cannot be discussed without reference to the United States, which has overwhelming military power, this project explored ways, based on an analysis of the domestic situation, which becomes the foundation for U.S. foreign policy, to urge the U. S. to emphasize international cooperation; and also examined what proactive role Japan can play in this process. This project suggested that the United Nations should also conduct sweeping reforms that respond to the demands of the times, such as establishing a comprehensive security system to deal with “new threats” and the adoption of governance that is built from the bottom up, based on local and civil societies.

**Memorial Event of NIRA's 30th Anniversary:
What We should Do Now to Achieve Northeast Asia's Economic Integration
- Asia Economic Forum**

(Research Period: June 2004 - May 2005)

While the movements towards regional integration (e.g. the EU and NAFTA) are accelerating, East Asia has gotten a relatively late start. However, even in East Asia, interest in regional cooperation and integration issues is increasing, and there are various movements to strengthen regional cooperation among the nations concerned. In East Asia, however, due to differences in political systems and level of economic development, or even historical concerns, there are many problems and obstacles to promoting regional cooperation and integration.

This project focused upon East Asia's aforementioned economic dynamism and considered the feasibility of establishing an “East Asian Economic Community” and proposed a roadmap. In addition, in order that the development and prosperity of Northeast Asia (including, Russia, Mongolia, and North Korea) would lead to the coexistence of East Asian nations and the formation of a regional economic zone, this project also attempted to determine the keys for preparing a comprehensive development plan (Grand Design) for Northeast Asia.

<Basic Research Advancement>

Northeast Asia's Economic Indexes - Fixed-Point Observation

(Research Period: June 2004-March 2005)

This project conducted basic research as a preparatory stage for establishing a database including a fixed-point observation system for Northeast Asian nations and regions. Specifically, the project conducted a field survey at think tanks, government-affiliated organizations and universities in Northeast Asian nations (China, Mongolia, South Korea, etc.), UN organizations including the UN Industrial Development Organization (UNIDO) and the Tumen River Area Development Programme Secretariat of the UN Development Programme (UNDP), and the Tumen River development area, and collected materials from the nations in the region. Then based on them, the project organized data on Northeast Asia's time-series economic indexes, social development indexes, development plans.

NIRA-Commissioned Research

<Strategic Research Advancement>

Social Corporation of Independent Citizens

**Research on Data Collection for Establishing a Municipal Administrative Evaluation Forum
(tentative name)**

Research Institute: NPO Gunma

(Research Period: December 2004-June 2005)

In this research project, data were collected in order to make a time-series comparison between the municipalities using the NIRA benchmarking model and considering the geographical diversity the municipalities demonstrate. The collected data were analyzed and organized, then entered into a database. In addition, the data collection was also utilized as an opportunity for interviewing the municipalities regarding their opinions on the ideal municipality forum to be held.

A Sustainable Socioeconomic System

Coordination and Cooperation in the Century of the Cities - Case Studies

Research Institute: Kansai Institute of Information Systems & Industrial Renovation (KIIS)

(Research Period: May 2004 - November 2004)

In this survey, which was conducted as part of “Memorial Event of NIRA's 30th Anniversary: Towards Establishing a Cultural Administration System Based on Collaboration among Cities - The Future of Creative Urban Space”, the framework and conditions necessary for realizing effective cooperation among cities were analyzed with reference to the ongoing case studies listed below.

(1) Pentilateral International Exchange Environmental Program (Takasaki City, Japan, Battle Creek, USA, Santo Andre, Brazil, Chengde, People's Republic of China, Pilsen, Czech Republic) (2) Artistic and Cultural Exchange between Three Cities of the Chugoku Region (Yonago, Izumo and Tsuyama City) (3) International Exchange in the Shonai Region, Yamagata Prefecture (Tsuruoka City and others) (4) East Asia (Pan Yellow Sea) City Conference (Cities including Kitakyushu, Shimonoseki, Fukuoka, Dalian, Tianjin, Incheon, Pusan)

In addition to these projects, the possibilities for collaborating with Montreal, a city that has adopted unique measures to revive itself, were examined.

Peace and Human Coexistence

Long-term Forecasts for Northeast Asia: Selective Scenarios

Research Institute: Foundation for Advanced Studies on International Development (FASID)

(Research Period: May 2004-March 2005)

This research project focused on the Northeast Asian economic area and explored its implications in international cooperation.

This project targeted Japan, China (including Hong Kong and Taiwan), South Korea, North Korea, Mongolia, and Russia, and covered the three northeastern provinces in China and the Russian Far East as submodels. Regarding each nation's inter-industry relations model, the project emphasized bonds with trade blocs, and the interdependency with population and economic blocs. From several alternative scenarios, the significance of international cooperation within the region, in particular in the aspects of trade, capital, and technology (esp. concerning the environment and energy conservation) was clarified in specific quantitative terms. In addition, the I-O model demonstrated the trend of changes in production structure. With respect to policy, the project was clarified that economic cooperation between Japan and China would be indispensable not only for the stable development of Northeast Asia, but also the global economy in the future.

NIRA-Subsidized Research

<Subsidized Research in Specific Fields>

Establishing a Third Party Evaluation System for Elderly Nursing Care - Based on a Practical Survey Conducted in Fukushima Prefecture

Research Institute: Fukushima Economic Research Institute (Fukushima Prefecture)

(Research Period: April 2004-March 2005)

Research on Regional Management after Municipal Merger: Regional Governance and Promotion

Research Institute: Architects, Regional Planners & Associates, Kyoto (ARPA.K)
(Kyoto Prefecture)

(Research Period: April 2004-March 2005)

Regional Welfare Planning and the Potential of a Small-Scale Welfare Exchange Salon

Research Institute: The Institute of Regional & Medical Planning (Kyoto Prefecture)

(Research Period: April 2004-March 2005)

Research and Study on Urban Wide-area Administration Utilizing ICT Bases Created through Joint Public-Private Sector Initiatives

Research Institute: Kansai Institute of Information Systems & Industrial Renovation (KIIS)
(Osaka Prefecture)

(Research Period: April 2004-March 2005)

Research on Policy Issues Towards a Sustainable Society in the Chita Peninsula

Research Institute: The Institute of Chitahanto Regional Studies, Nihon Fukushi University
(Aichi Prefecture)

(Research Period: April 2004-March 2005)

<Subsidized Research Projects in General Fields>

Regional Rejuvenation– The Realization of Communities that are Open to Overseas

Research Institute: Architects, Regional Planners & Associates (Kyoto) and
six other research institutes (joint research)

(Research Period: October 2004-December 2005)

Based on the current situation in which the progress of globalization accelerates the movement towards regionalization, this research project aims to explore the way towards regional rejuvenation. This project aims at a style of regional rejuvenation that assumes an openness to the international community, while at the same time making optimal use of each region's unique characteristics. This project will consider models that will enable regions to realize small (or large) global cities by establishing international networks and new regional communities with an internationalized perspective, while they resolve their individual issues and view their further development. In addition, this project will consider appropriate systems to support efforts that will enable Japanese regions with various strengths to use their ingenuity and display their uniqueness in global competition. In doing this, the project will actively introduce local input.

This project will formulate "model strategies" and policy proposals to realize communities that are internationally open and are suitable for the "great exchange era"

PROJECTS CONTINUED FROM PREVIOUS FISCAL YEARS

NIRA-Conducted Research

<Strategic Research Advancement>

Social Corporation of Independent Citizens

Research towards the Construction of a Comprehensive Administrative Evaluation System for Municipal Governments

(Research Period: June 2003-June 2004)

This research project placed special emphasis on the reform of top management. In order to establish a dynamic administrative management system capable of contributing to the local government as a whole, it is essential for the leaders to become "strategic decision-makers." This project examined the importance of establishing a public accounting system, given that it would serve as the foundation of the administrative evaluation system.

This research project defined the goal of the socio-economic reforms instituted to revitalize the regions, and Japan as a whole, as "the reestablishment of a governance system appropriate in the age of globalization, and the implementation of a mature civil society in which democratic decentralization is assured." The project proposed redesigning local governments as the measure necessary to achieve this goal. At the same time, the establishment of a "NIRA system for comprehensively evaluating the administration of municipal local governments" was presented in order to stimulate discussions on public management schemes.

From the perspective of public management strategies, it is extremely important to study the most appropriate course to achieve efficient public management (i.e., best practice). The outcome indexes utilized in a number of local governments were comparatively analyzed. Based on this, the project aimed at the sustainable development of a NIRA benchmarking model by which the best practice will be explored.

Reorganization of Regional Governments and Perspectives of a New Regional System—Increasing the Areas Administered by Regional Governments and Revitalizing Local Community Organizations

(Research Period: September 2003-October 2004)

Proposals focusing on the optimal system of local government were formulated in this research project by examining such issues as the re-engineering of the central government's role and establishing a system with which the citizens can feel an affinity.

Specifically, information was gathered and summarized by examining domestic discussions developed to date, proposals presented by other institutions and attempts made in other nations (e.g., Italy, France and Germany), which then was discussed by the project's study group. Based on the results of the discussions, a three-tiered system of local governance composed of province, prefecture (including special cities) and city/town/village (zone) was presented. The proposed role of the province is the planning and adjustment of policies, and the establishment of economic and development programs for each wide-area block, both of which are roles presently undertaken by the central government.

A Sustainable Socioeconomic System

Joint Research on Economic Cooperation among Japan, China, and Korea

– Trilateral Trade and Investment after China's Entry into the WTO (Third Phase)

(Research Period: January 2003-June 2004)

This research project is the third phase of the joint research project conducted among Japan, China and South Korea to strengthen economic cooperation between the three nations, and which has been conducted in accordance with the agreement reached at the summit meeting held between the leaders of these nations at the ASEAN+3 Conference held in November 1999. The joint research project

commenced in 2001 with the participation of the Development Research Center of the State Council (DRC) of China, the Korea Institute for International Economic Policy (KIEP) of South Korea, and the National Institute for Research Advancement (NIRA).

This research project aimed at exploring the optimal form of economic cooperation between the three nations, with consideration of establishing a trilateral FTA as a long term goal. Major issues examined in this project include establishing a long-term scenario for the macro-economy, analyzing the economic effects of the trilateral free trade agreement and conducting a survey of the opinions of the companies of the three nations.

It has been agreed upon by the three institutes to continue the joint research for several years to establish a long-term economic scenario, to formulate common policies that can be adopted by the three nations and to explore economic development policies capable of covering a wide range of fields. In 2004, efforts have been made to study the impact of the trilateral FTA on individual industries and to conduct policy analyses. Research results accumulated to date will be further explored in order to clarify the optimal course of the trilateral FTA.

Policies for Provincial Cities and Regions in the Era of Reverse Urbanization – Exploring the Sustainability of a Society with a Declining Population

(Research Period: June 2003-July 2004)

In accordance with the hypothesis of the urban life cycle advocated by Clasen, cities trace the stages of growth (urbanization), decline (suburbanization), and rejuvenation (reverse urbanization). This research project started by examining the results of applying this hypothesis to Japan's major provincial cities. As a result, it became apparent that the future of provincial cities would closely resemble the "reverse urbanization" that is the decline stage of this urban life cycle. Moreover, in the case of Japan, whose population is expected to continue decreasing, there is little hope that the "reurbanization" phenomenon as the recovery stage of the urban life cycle hypothesis will appear. In Japanese provincial cities, the decline of "urban power" becomes a serious issue, along with the economic and industrial decline, the acceleration of demographic aging, and the hollowing of central urban areas. In addition, "reverse urbanization", meaning the decline in urban population, can accelerate such a decline in provincial cities.

This project indicates that the current policies for provincial cities and regions have not departed from the "standard specification" style prevalent during the population growth era. This also suggests that it is urgent to shift to the "local optimum" style so that provincial cities in Japan can weather the era of reverse urbanization.

Research towards the Revitalization of Law, Market and Civil Society

(Research Period: September 2003-September 2004)

In modern society, in response to increasing globalization, citizens play the central role on diverse fronts. In this environment, Japan's systems, which are characterized as having a vertical structure, are negatively affecting the market. We cannot deny that the vertically-structured nature of Japan's systems is hindering the nation's economic revival. In light of these circumstances, we must drastically reform existing systems and establish a framework oriented toward the standpoint of the citizens. Against this background, this research project attempted to formulate a grand design for the optimal civil society- and market-centered legal and institutional infrastructures which are integrated and boundary-crossing.

Memorial Event of NIRA's 30th Anniversary:

Towards the Establishment of a Cultural Administration System Based on Collaboration among Cities– The Future of Creative Urban Space

(Research Period: December 2003 - February 2005)

With the advancement of globalization, cities have become places in which there are various tangible and intangible cross-border phenomena concerning people, things, culture and values. The recent trend of particular note is that based on various purposes and awareness of issues, domestic and foreign cities are promoting global collaboration and cooperation beyond the national framework, and actively dealing with common policy issues and making new efforts to create culture on a scale never before seen. It seems that in the twenty-first century, the rise of cities as actors will catalyze drastic changes in social and economic systems.

The purpose of this project was to examine cities' cross-border dynamism and to consider the feasibility of establishing a "cultural administration system" that effectively creates and produces attractive urban space by conducting case studies on inter-city collaboration. This project also aimed to find clues for urban renewal and, thereby, national renewal.

This project views "culture" as a broad concept that includes art, lifestyle, and people's relationship to the natural environment. On that premise, the project defined "cultural administration" as a strategy to improve and activate urban space and environmental conditions by discovering "values" in the "culture," seeing them as "cultural capital," and directing them creatively.

Research on the Free Trade Area among Japan, China and South Korea (Trilateral Joint Research on the Long-term Vision of Northeast Asia)

(Research Period: January 2004-December 2005)

During the ASEAN+3 Summit in November 1999, the leaders of China, Japan and Korea met in the first Trilateral Summit. They agreed to implement a joint research project on trilateral economic cooperation. The Trilateral Joint Research Project was launched in 2001, with China represented by the Development Research Center of the State Council (DRC), Japan represented by NIRA and Korea represented by the Korea Institute for International Economic Policy (KIEP). During the three years of the project, the three institutions analyzed trade and investment among the three countries, and economic effects of an FTA between the three countries, and on that basis made policy recommendations to the leaders of the three nations at meetings in Brunei in 2001, Phnom Penh in 2002 and Bali in 2003.

The Joint Research Project this year intends to deepen the joint research by conducting a sector-oriented study on a trilateral FTA that further examines policy and institutional aspects. The Sector Impacts and Policy Study of a Trilateral FTA will enable us to make concrete and realistic recommendations.

Peace and Human Coexistence

Economic Development in Central Asia, the Promotion of Regional Cooperation and Japanese-German Cooperation

(Research Period: July 2003-June 2004)

Attention has recently been drawn to Central Asia by the region's economic potential and the impact of the situations in Afghanistan and Iraq during the past two years. Linking as it does Asia and Europe, the Central Asian region possesses significant long-term geopolitical importance. Japan and Germany have shown great interest in the peace, development and prosperity of the Central Asian nations and have actively supported their economic development and stability.

Basing its discussions on the results of the "Symposium on Japanese and German Contributions to Sustainable Development in Central Asia," held in Berlin in June 2002, the workshop "Japanese-German Cooperation in and with Central Asia and Afghanistan -- Challenges, Priorities and Perspectives for the Economic Development of the Region and the Rebuilding of the Silk Road" was held on October 2003, in Tashkent, Uzbekistan's capital, under the joint auspices of NIRA, the Japanese-German Center Berlin (JDZB), and the Konrad Adenauer Foundation (KAS). The overall goal of this conference was to deepen understanding of the conditions necessary to the economic development and regional stability of Central Asia in order to establish a shared foundation for closer cooperation between Japan and Germany in the region.

<Specific Policy Research Advancement>

Research on Population Decline and Comprehensive National Capability

(Research Period: December 2003-June 2004)

When considering the relationship between population decline and comprehensive national capability, it is apparent that comprehensive national capability would fall as the population declines. On the other hand, it may be possible that in contemporary Japan, the decline in comprehensive national capability is causing uncertainty about the future, which in turn is curtailing the confidence of young people and their desire to get married and have children. In Japan today, therefore, we must

carefully consider how comprehensive national capability affects population.

This research project proposed that we must adopt two basic strategies for halting the vicious cycle between comprehensive national capability and population. (1) a strategy for controlling the fall in birthrate to check population decline, which continues at a threatening pace (2) a strategy for addressing population decline to create a society that can deal with a declining population.

NIRA-Commissioned Research

<Special Policy Research Advancement>

Basic Research on Economic and Social Indexes in Major Nations

Research Institute: Nomura Research Institute

(Research Period: January 2004-June 2004)

It is essential to achieve an objective grasp of Japan's actual performance in a variety of fields relevant to the nation's economy and society in order to indicate appropriate new directions and to advance strategic research on the nation's ideal form and role in the twenty-first century. This project employed available objective indexes and literature, to compile a wide range of data enabling comparison of Japan with other major nations, in order to contribute to the analysis of Japan's relative status in the areas examined. Surveys were employed to complement the research with regard to fields that are difficult to analyze by means of indexes.

NIRA-Subsidize Research

<Subsidized Research in Specific Fields>

Research on Policy Evaluation Systems Utilizing the NIRA Benchmarking Model and Proposals for Administrative Improvement

Research Institute: NPO Gunma and others

(Research Period: May 2003-September 2004)

In this project, NPO Gunma and nine other think tanks from regions nationwide endeavored cooperatively to evaluate eight Japanese municipal governments utilizing the NIRA benchmarking model -- a group of benchmarks (indexes) established by NIRA to evaluate the achievements of municipal governments.

The following objectives were sought in the project. (1) A trial calculation of the municipal governments' achievement evaluations by applying the NIRA benchmarking model, and a comparison of the results between the eight cities. (2) Proposals for improving the NIRA model and a tentative plan concerning establishing guidelines for utilizing the NIRA model. (3) The mutual comparison of the eight cities by applying the model (the comparison of the best practices), the presentation of proposals concerning how operational procedures should actually be conducted, and improvement of administrative plans and policy systems. Based on the results obtained by the above three activities, this project pursued (4) the implementation of municipal government management oriented in the utilization of the benchmarking method, provision of OJTs (On the Job Trainings) nationwide in the hope that citizens will be able to participate, and examination of the new role to be played by local think tanks in the formation process of a decentralized public community and in the preparations for establishing a platform for information exchange and joint research.

As a result of this research project, it became clear that the NIRA benchmarking model is characterized by its capacity to "basically and comprehensively examine the municipalities." The NIRA index is also capable of making a clear comparison of the municipalities. In order to fully utilize the effects of the NIRA indexes, which can become a "common language" for citizens and government in pursuit of municipal government management, a guideline for using the NIRA model and the further improvement of the indexes are crucial.

Research Concerning Revitalization Local Community and Forming Broad Regional Government – Restructuring of the Local Self-Government System That Takes Advantage of Local Features

Research Institute: Kansai Institute for Social and Economic Research (KISER),

Tohoku Regional Development Research Center

(Research Period: December 2003-February 2005)

This research project was based on the assumption that it was necessary to establish decentralized and self-governing states by establishing wide-area local governments that support diversified development of local communities. On this assumption, this project considered and proposed an ideal local government system that would replace the current prefectural- municipal one. This project also considered measures to revitalize local communities that were indispensable for establishing autonomous civil societies as a foundation for decentralized and self-governing states.

Concretely, this project divided the nation into several blocs, assumed the condition that wide-area local governments were established in each bloc, and selected two of those blocks with different regional characteristics (in this case Tohoku and Kansai Provinces are selected this time). Then, targeting each of the selected blocs, this project considered public services in a cross-sectoral manner, including social security, education, culture, public work projects, industrial promotion, and public safety. Based on the results, this project proposed a new local government system that capitalized upon each region's characteristics and measures to revitalize local communities.

SYMPOSIUMS , FORUMS AND RESEARCH EXCHANGES IN FISCAL 2004

NIRA 30th Anniversary Symposium: Market Governance Forum

May 24, 2004 [Tokyo, Japan]

In the Market Governance Forum, governance appropriate for the twenty-first century was explored by developing discussions on specific topics such as “measures to strengthen market function in Japan” and the “issue of laws for the cross-border financial and service market.”

In this forum, Professor Naoyuki Yoshino gave a keynote lecture entitled “proposals for strengthening the functioning of Japan's economy, Asia's economy and the financial capital market.” In his lecture, Professor Yoshino emphasized the importance of strengthening Japan's international competitiveness.

Following the keynote lecture, a panel discussion of leading specialists in their respective fields was presented. The objective of this panel discussion was to analyze the problems of finance (the financial market) from the perspectives of consumers, in the hope that the issue will be recognized widely by citizens as a common problem. Based on this, governance appropriate for the twenty-first century (joint government) was explored.

Finally, the interim results of a NIRA-conducted research project entitled “Research towards the Revitalization of Laws, Market and Civil Society,” which is scheduled to be completed in September, were presented. The presentations given included, a lecture given jointly by two researchers on the “impact placed on the macro-economy by the qualitative improvement of laws and systems in the financial and capital markets” and research results concerning “establishing comprehensive, cross-border financial market laws.”

NIRA 30th Anniversary Symposium: Global Governance– In Search of a New International Order

July 12-13, 2004 [Tokyo, Japan]

As globalization deepens political, economic, security and environmental interdependence, the necessity for global cooperation in dealing with the challenges faced by the international community is increasing. While it is clear that there is no institution, including the United Nations, that functions as a strong, centralized governing agency, the United States exerts a strong influence on global governance as a ‘quasi-governing agent.’ Against this background, the new international order was considered, focusing on recent U.S. policy in Iraq and Afghanistan, as well as global efforts in counter-terrorism. Against this background, the future stability of international community demands a path for a new international order.

Following a day and a half of closed sessions, an open forum was held for further discussion by panelists and participants. In this forum, we examined American foreign policy after September 11 and the domestic factors behind American policy making. Also analyzed were US-led global counter-terrorism efforts in Iraq and Afghanistan, and what is happening in their reconstruction. The forum participants also addressed the question of how to approach ‘new threats’ faced by the international community, including perspectives from Europe, with a particular focus on the role of United Nations. Finally, new directions for global governance were discussed, focusing on the potential role of Japan.

The overall goal of this forum was to discuss new developments in global governance and Japan's role in these developments. A day and a half of closed discussions were held as part of NIRA's internal research. Thereafter, at the Open Forum, the results of the closed sessions were introduced to a larger group of participants and further discussed. Among the wide range of issues that could be discussed in connection with global governance, questions related to security were the focus of the forum.

Symposium: “Joint Research on the Economic Cooperation among Japan, China and South Korea”

October 11, 2004 [Seoul, South Korea]

In 2004, the “Joint Research on Economic Cooperation among Japan, China and South Korea” conducted by the Development Research Center of the State Council of China, National Institute of Research Advancement of Japan and the Korea Institute for International Economic Policy, focused on the economic effects of a trilateral FTA on distinct sectors and on policy analysis. In this symposium, research issues studied in 2004 were summarized and opinions were exchanged among institutes and specialists involved in this field of research as well as project participants.

This symposium was attended by academics, specialists from the financial world, private companies and high-level government officials and it served as a mechanism for enhancing dialogue among the three nations. Research results from the three-nation project were presented both by the principal researchers and also by those who have collaborated on the project. These results deal with issues such as the “cross-industrial analysis of the economic effects of the trilateral FTA among Japan, China and South Korea,” and “economic effects of the trilateral FTA on the respective industries of agriculture, automobile and electric machinery,” the presentation of which were followed by discussions. In addition, a panel discussion was held featuring representatives from the government and industrial sector of the three nations.

NIRA 30th Anniversary Symposium: Social Governance Forum I

December 3, 2004 [Tokyo, Japan]

The purpose of this forum was to broadly discuss the ideal form of decentralized and civil societies in Japan from the perspectives of citizens, communities, cities, and local governments and to elucidate during the discussion process the pattern of politics and society in Japan, which is on the threshold of moving to a system of social governance.

The program consisted of a keynote lecture and a panel discussion.

Professor Naohiko Jinnō, Faculty of Economics, University of Tokyo, delivered the keynote lecture with the theme of “Prospects and Tasks towards Decentralized Civil Society.”

The panel discussion was conducted with the theme of “Viewing Citizens, Communities, Cities, and Local Governments in Decentralized Civil Society.”

NIRA 30th Anniversary Symposium: Social Governance Forum II— Impulsion de la créativité au sein de l'innovation urbaine

February 7-8, 2005 [Yokohama, Japan]

As part of the events commemorating NIRA's 30th anniversary, an international symposium entitled “Impulsion de la créativité au sein de l'innovation urbaine --Collaboration *transpolitaine*--” was held under the joint auspices of NIRA, La Société Franco-Japonaise des Techniques Industrielles, and Institut des villes (France). The symposium combined the “Social Governance Forum II,” held to announce the results of a NIRA research project on cities and culture, and the “Symposium franco-japonais sur les cités du future.” While the main input for the symposium came from Yokohama and Lyon, which recently celebrated the 45th anniversary of their sister city relationship, many other cities in Japan and overseas also contributed. With urban “creativity” and “cooperation,” “multicultural symbiosis,” and “regional revitalization” as keywords, participants engaged in stimulating discussions regarding a variety of path breaking experiments in urbanism and measures to create appealing and energetic urban spaces.

NIRA 30th Anniversary Symposium: Regional Governance Forum

February 23, 2005 [Tokyo, Japan]

This forum was attended by a large number of experts from both Japan and overseas who engaged in an animated discussion about the specific steps that should be taken to realize economic integration, which is one of the most important issues for the East Asian region.

In addition to focusing on the dynamism of the East Asian economy, the forum also provided a venue for broad-ranging discussion on such issues as the potential for establishing an “East Asian Economic Union” and the roadmap for its implementation. Also, with the recognition that the development and prosperity of the Northeast Asian region would lead to both more harmonious coexistence within broader East Asia—including Russia, Mongolia, and North Korea—and the

formation of a regional economic zone, the forum sought to identify some key elements for establishing a comprehensive development plan and grand design for Northeast Asia.

NIRA 30th Anniversary Symposium: Public Governance Forum

March 1, 2005 [Tokyo, Japan]

As the Government Policy Evaluation Act was enacted recently, policy evaluation is attracting attention as an important tool to improve effective governance in the public sector.

Therefore, this forum invited specialists on national- and local-level policy evaluation to discuss improvements to current policy evaluation processes, and proposed policy evaluation that would contribute to policy formation. In addition, NIRA introduced the NIRA Policy Evaluation Model that was established by the institute in its capacity as an outside assessor.

The forum program consisted of a keynote lecture and a panel discussion. More than 150 people, including specialists from various fields as well as those directly engaged in policy evaluation, participated in the symposium.

International Research Exchange

The 13th Northeast Asia Economic Forum in Seoul: “Multilateral Cooperation Strategies Contributing to the Formation and Development of a Northeast Asian Economic Zone”

September 17-18, 2004 [Seoul, South Korea]

Co-sponsored by Northeast Asian Economic Forum and The Korea International Trade Association

In light of Northeast Asia lagging behind other nations in terms of the increasing trend towards regional integration, this forum, jointly sponsored with the Northeast Asia Economic Forum of the U.S., aims to enhance the building of a consensus on implementing Northeast Asian regional cooperation and integration by promoting exchange between the nations involved in Northeast Asian research.

In the forum, a session was held under the same title of NIRA’s ongoing research project “A Grand Design for Northeast Asia” as a venue to present the project’s research results. In addition, the mid- to long-term development visions and plans of the respective nations were presented. Based on these presentations, discussions were developed vis-à-vis establishing a comprehensive wide-area vision for promoting international cooperative development.

Fourth Japan-Russia Forum:

Prospects for Japanese-Russian Cooperation in the Globalizing Asia-Pacific Region

October 20-21, 2004 [Kanazawa, Japan]

Co-sponsored by Center for Strategic Research (Moscow)

The Japanese-Russian Forum came about as a result of an agreement between President Vladimir Putin and then Prime Minister Yoshiro Mori, in September 2000, that there should be increased efforts to explain the importance of concluding a peace treaty to the citizens of both nations. And then, the following year in January, at the Foreign Ministers’ meeting, the decision was made to hold the Forum as a concrete step of the above agreement. The Forum’s importance was reaffirmed in the “Japan-Russia Action Plan” adopted by Prime Minister Junichiro Koizumi and President Putin, and at the Foreign Ministers’ meeting in 2004.

At the fourth Forum, the main discussion topics were “Japan-Russia Relations that contribute to Peace and Stability in Northeast Asia —From the Historical Perspective” and “Exchange between Japan and Siberia/ and the Russian Far East—From Irkutsk to Ishikawa.”

This year’s Forum featured some extremely significant and lively debate on the two main themes, and provided an opportunity to emphasize the importance of concluding a peace treaty in order to resolve the territorial problem.

The 8th Scholarship Conference on the East Asian Economy:

Towards the Establishment of an East Asian Economic Community

November 27, 2004 [Seoul, South Korea]

This conference was participated in by researchers from the Korea Institute for International Economy Policy (KIEP), the China Development Institute (CDI), the Chung-Hua Institution for

Economic Research (CIER) Taiwan, and others.

The main topics discussed in the conference were (1) the current status of economic integration, (2) presentation of the strategies and roadmap for realizing economic integration, and (3) examination of an East Asian model for establishing an economic community.

Active discussion was developed in order to explore measures and strategies necessary to enhance economic cooperation and integration in the East Asian region. Other issues that were identified include the necessity to assure that confidence will be built in the region, as confidence is the precondition of regional integration, and that the interests of smaller nations will be considered, given that priority tends to be placed on the interest of the more influential nations, such as Japan and China. In order to further examine these issues, it was agreed that discussion must continue.

Japan-EU Think Tank Roundtable: Next Steps in Global Governance

January 13-14, 2005 [Tokyo, Japan]

Co-sponsored by Japan Foundation and European Policy Centre (EPC)

The main theme of the Roundtable was global governance and the timing was propitious as it was held soon after publication of the High-level Panel Report requested by UN Secretary General, Kofi Annan, to consider threats and challenges facing the international system. Participants discussed sensitive issues such as proposals to reform and expand the UN Security Council, the 'responsibility to protect,' the changing nature of sovereignty and Asian and European experiences with integration. The Roundtable, held under Chatham House rules, brought together some twenty leading academics and policy analysts from Japan and Europe and provided a unique opportunity for the intellectual communities on both sides to discuss a range of sensitive political issues.

Research Dissemination

Local Think Tank Forum: “Strategic Local Government Management Based on Administrative Evaluation”

June 4, 2004 [Kanazawa, Japan]

Co-sponsor by the Council of Local Think Tank

This forum is held annually under the joint sponsorship of the Council of Local Think Tank and NIRA. This year's forum was held under the title “Strategic Local Government Management Based on Administrative Evaluation.”

In the forum, research results from NIRA's general subsidized research conducted in 2003 entitled

Research on Policy Evaluation Systems Utilizing the NIRA Benchmarking Model and Proposals for Administrative Improvement” and the interim report from a project conducted by NIRA since 2003 entitled “Research towards the Construction of a Comprehensive Administrative Evaluation System for Municipal Governments” were presented. In addition, real cases of administrative evaluation conducted by local governmental bodies were presented and a panel discussion was held. As a result, active discussions developed among participants from local think tanks and local governmental bodies on issues including the present status of and problems facing municipal administrative planning, and the role to be played by local think tanks.

Follow-up Seminar: Research on Current Issues Regarding International and Cultural Exchange Activities

October 18, October 26, 2004 [Tokyo, Japan]

The need for and significance of international exchange activities has been on the rise. In Japan, the belief has been that international activities, especially cultural exchange, were ends in and of themselves, and the analysis of concrete results and the effect of knowledge gained has tended to be ignored. In the view of these circumstances, NIRA conducted research project “A Study on Methods for Promoting International Exchange Activities—Centering on Cultural Exchange” in 2003.

Based on the research outcome, two seminars were held. At the first seminar, the rule and assessment of the organizations involved in international exchange activities, particularly corporate foundations were discussed. Based on the first discussion, the second seminar invited people involved in international exchange activities to share their opinions.

PUBLICATIONS IN FISCAL 2004

NIRA - Conducted Research / NIRA - Commissioned Research

<p><i>Research on Current Issues Regarding International and Cultural Exchange Activities -- Focusing on Activity Evaluation [in Japanese]</i></p> <p>NIRA, July 2004 ¥2,100</p>	<p><i>A Study of a System of Resource Mobilization for NPOs [in Japanese]</i></p> <p>NIRA, September 2004 ¥2,100</p>
<p><i>Research Towards the Construction of a Comprehensive Administrative Evaluation System for Municipal Governments [in Japanese]</i></p> <p>NIRA, December 2004 ¥2,100</p>	<p><i>Urban and Regional Policy in the Age of Deurbanization – The Way to Regional Revitalization through the Restoration of Diversity and Autonomy [in Japanese]</i></p> <p>NIRA, March 2005 ¥2,100</p>

NIRA - Subsidized Research

<Subsidized Research in Specific Fields>

<p><i>The Possibility of Sustainable Community Development Utilizing the Environmental Evaluation Tool (CSA) [in Japanese]</i></p> <p>Chugoku Regional Research Center, September 2004</p>	<p><i>Revitalization of the Local Communities by the Community-Liaison-Based Sector (Industry, Government and Citizens) [in Japanese]</i></p> <p>Kobe Institute of Urban Research, September 2004</p>
<p><i>Problem Resolution Models for Issues Arising from DNA Researches [in Japanese]</i></p> <p>Kyoto Comparative Law Center, October 2004</p>	<p><i>The Measure of Accident Prevention and Safety Management of Patient Participation to Innovate on Public Hospitals [in Japanese]</i></p> <p>Urban Research Center, Fukuoka (Fukuoka Asian Urban Research Center), October 2004</p>

<Subsidized Research in Specific Fields>

*Creating New Communities through
Collaboration between the Public and
Private Sector* [in Japanese]

Nishinoh Institute of Technology, October 2004

<General Subsidized Research>

*Research for the Policy Evaluation System and
the Proposal to the Improvement of
Administration Service Achieved by the NIRA
type Benchmarking Model* [in Japanese]

NPO Gunma and 9 other institutes, January 2005

<Overseas Research Grants>

*South Korea's Environment and Energy –
Sustainable Growth of Northeast Asia
in the Twenty-first Century* [in Japanese]

Korea Energy and Economics Institute,
July 2004 ¥1,050

*Possibilities for Utilizing the Clean
Development Mechanism (CDM) in China*
[in Japanese]

The Energy Research Institute, the State Development
Planning Commission, PRC, November 2004 ¥1,050

Other

<Books>

*Public Pension Reserve Fund of Japan
in 2008—Governance of Super Mega Fund and
How to Avoid Distorting the Market*
[in Japanese]

Nobusuke Tamaki
Nihon Keizai Shimbun-sha, August 2004 ¥1,890

Cyclopedia of Central Eurasia [in Japanese]

Edited by Hisao Komatsu, Hiroshi Umemura, Tomohiko
Uyama, Chika Obiya and Toru Horikawa
Editorial assistance provided by NIRA,
March 2005 ¥6,825

<p>(NIRA Challenge Book series)</p> <p><i>Population Decline and Comprehensive National Capability – Aiming to Become a Nation Founded upon Human Capital</i></p> <p>[in Japanese]</p> <p>Edited by Yotaro Kobayashi and Takao Komine</p> <p>Nihon Keizai Shimbun-sha, October 2004 ¥2,415</p>	
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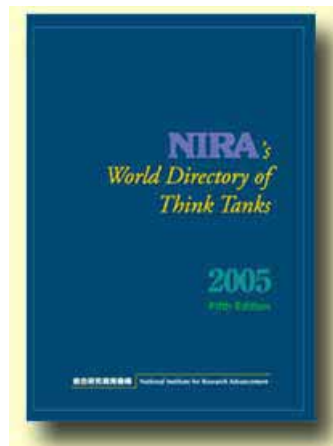
<Other publications>

<p><i>Materials Related Japan's Economic Plans between 1965 and 1974</i> [in Japanese]</p> <p>(CD-ROM in PDF format)</p> <p>NIRA, November 2004 ¥6,300</p>	<p><i>Almanac of Think Tanks in Japan 2005</i></p> <p>[in Japanese]</p> <p>Edited by NIRA, December 2004 ¥5,250</p>
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Japan's Policymaking in Transition: Lessons from the American Legislative Experience

NIRA RESEARCH OUTPUT Vol.17 No.2
 NIRA, December 2004 ¥1,575



NIRA's World Directory of Think Tanks 2005

Edited by NIRA, February 2005 ¥10,500

Monthly Magazine: NIRA Seisaku Kenkyu (NIRA Policy Research) [in Japanese]

Vol.17 No.4 April 2004	Furthering Japan-Russia Relations: Report from the Third Japanese-Russian Forum	Vol.17 No.10 Oct. 2004	Research on Population Decline and Comprehensive National Capacity: Towards a Nation Founded on Human Capital
Vol.17 No.5 May 2004	The Future Based on the Progress of Integration and Partnership in the East Asian Economy	Vol.17 No.11 Nov. 2004	Will "Informatization" Change our Society and our Lifestyles? -- Strategies for Realizing a Knowledge Society
Vol.17 No.6 June 2004	The New Era of the City: The City Leading Culture	Vol.17 No.12 Dec. 2004	Platform for a "New Public Sector" - Actors in the Public Sphere over the Past Decade and in the Future -
Vol.17 No.7 July 2004	India: A New Twenty-First Century Economic Superpower	Vol.18 No.1 Jan. 2005	Special Feature: 100 Books for the Next Decade
Vol.17 No.8 Aug. 2004	German-Japanese Cooperation with and in Central Asia	Vol.18 No.2 Jan. 2005	The Framework of Collaboration --The Status of the Partnership between Civil Social Groups and Citizens
Vol.17 No.9 Sep. 2004	Proposals for the Next Generation: Reading the Times from the "Dr. Atsushi Shimokobe Archive"	Vol.18 No.3 March 2005	Social Governance: Citizenry, Community, Municipality and Local Government in a Decentralized Civil Society

●NIRA's publications are available from the Government Publication Center and Government Gazette Shop in Japan, and can be ordered from bookstores.

● NIRA Publication List (1995 – 2004)

A list of NIRA research reports published is presented on NIRA's website at

<http://www.nira.go.jp/pibj/output/idex.html> and <http://www.nira.go.jp/publ/houko/index.html>

For publications in Japanese, please use the NIRA publications Japanese database to search the necessary publications at <http://www.nira.go.jp/niradb/index.html>.

● For further information on NIRA publications, please contact:

NIRA Planning and Public Relations Division

Phone: +81-3-5448-1735, Fax: +81-3-5448-1745

E-mail: pprd@nira.go.jp, URL: <http://www.nira.go.jp>

FISCAL 2004 FINANCIAL STATEMENTS

List of Property

		(Units: yen)
Outline	Amount	Total
Assets		
Current Assets		
Cash and Deposit	344,584,636	
Cash	35,829	
Ordinary Deposits (3 accounts):	344,533,607	
Sumitomo Mitsui Bank, Ebisu Branch and Another Bank		
Postal Book-transfer Saving (1 account) : Shibuya Post Office	15,200	
Accrued Income (112 accounts)	267,083,588	
Accounts Receivable (royalties and others)	1,562,016	
Other Current Assets (10 accounts)	7,273,500	
Total Current Assets		620,503,740
Fixed Asset		
Tangible Fixed Assets	21,084,038	
Equipment (Fireproof Safe and 135 others)	8,497,438	
Acquisition Cost	52,837,916	
Accumulated Depreciation	44,340,478	
Other Tangible Fixed Assets:	12,586,600	
Other Facilities Attached to the Yebisu Garden Place Building		
Acquisition Cost	125,866,000	
Accumulated Depreciation	113,279,400	
Intangible Fixed Assets		
Telephone Rights (95 subscriptions)	8,250,967	
Investments and Other Assets	31,820,864,174	
Operating Fund Assets	20,170,500,000	
Ordinary Deposits (1 account): Resona Bank, Tokyo kourumubu	936,970	
Government Bonds (4 units): Face Value: 1,400,000,000	1,398,086,000	
Municipal Bonds (5 units) : Face Value: 1,549,000,000	1,547,171,960	
Financial Bonds (1 unit) : Face Value: 400,000,000	400,000,000	
Special Bonds (9 units) : Face Value: 2,686,500,000	2,678,819,600	
Corporate Bonds (22 units) : Face Value: 7,504,090,560	7,502,985,470	
Yen-dominated Foreign Bounds (17 units):	6,642,500,000	
Face Value: 6,650,000,000		

Outline	Amount	Total
Grant Fund Assets	5,815,265,100	
Ordinary Deposits (1 account): Resona Bank, Tokyo koumubu	745,316	
Government Bonds (4 units): Face Value: 1,500,000,000	1,488,092,000	
Municipal Bonds (5 units): Face Value: 816,000,000	808,885,920	
Special Bonds (9 units): Face Value: 1,483,600,000	1,459,322,694	
Corporate Bonds (8 units): Face Value: 1,108,469,440	1,108,219,170	
Yen-dominated Foreign Bounds (3 unites): Face Value: 950,000,000	950,000,000	
Investment Securities	5,431,114,360	
Municipal Bonds (5 units): Face Value: 984,000,000	981,891,200	
Special Bonds (4 units): Face Value: 1,080,000,000	1,070,704,800	
Corporate Bonds (6 units): Face Value: 1,287,440,000	1,278,518,360	
Yen-dominated Foreign Bounds (7 units): Face Value: 2,100,000,000	2,100,000,000	
Deposits on Rental Properties (Yebis Garden Place Building)	403,984,714	
Total Fixed Assets		31,850,199,179
Total Assets		32,470,702,919
Liabilities		
Current Liabilities		
Income Taxes Payable	3,800,000	
Accrued Expenses (Overtime pay and 18 others)	60,015,989	
Deposits Received (Income tax and 2 others)	3,896,765	
Total Current Liabilities		67,712,754
Fixed Liabilities		
Allowance		
Allowance for Retirement Benefits	235,133,477	
Total Fixed Liabilities		235,133,477
Total Liabilities		302,846,231
Net Property		32,167,856,688

(As of March 31, 2005)

Balance Sheet

(Units: yen)

Assets		Liabilities and Shareholders' Equity	
Assets	32,470,702,919	Liabilities	302,846,231
Current Assets	620,503,740	Current Liabilities	67,712,754
Cash and Deposit	344,584,636	Income Taxes Payable	3,800,000
Accrued Income	267,083,588	Accrued Expenses	60,015,989
Accounts Receivable	1,562,016	Deposits Received	3,896,765
Other Current Assets	7,273,500	Fixed Liabilities	
Fixed Assets	31,850,199,179	Allowance	
Tangible Fixed Assets	21,084,038	Allowance for Retirement Benefits	235,133,477
Equipment	8,497,438	Shareholders' Equity	32,167,856,688
Other Tangible Fixed Assets	12,586,600	Common Stock	20,720,500,000
Intangible Fixed Assets		From the Central Government	15,550,000,000
Telephone Rights	8,250,967	From the Local Public Sector	5,075,000,000
Investments and Other Assets	31,820,864,174	From the Private Sector	95,500,000
Operating Fund Assets	20,170,500,000	Surpluses	11,447,356,688
Grant Fund Assets	5,815,265,100	Capital Surpluses	
Investment Securities	5,431,114,360	Donations	5,815,265,100
Deposits on Rental Properties	403,984,714	Earned Surplus	5,632,091,588
		Surplus Reserve	5,555,880,837
		Net Profit	76,210,751
Total	32,470,702,919	Total	32,470,702,919

(As of March 31, 2005)

Note: For fiscal 2004, NIRA posted net profits of ¥76,210,751 and in accordance with the provisions of Article 30 clause 1 of National Institute for Research Advancement Act (Japanese Law No. 51, 1973), the surplus reserve has been increased.

Statement of Income and Expenditures

(Units: yen)

Expenses		Income	
Operating Expenses	1,092,761,108	Ordinary Income	1,172,961,909
Research Activities	499,584,332	Endowment Income	935,022,328
Research Programs	115,900,715	From Operating Fund	746,630,118
International Research Exchange Programs	25,024,872	From Grant Fund	188,392,210
Regional Research Exchange Programs	3,391,910	From Research Dissemination Activities	
Research Grants	58,147,268	From Sale of Publications	11,101,399
Administrative Costs	297,119,567	Non-operating Income	226,838,182
Research Publications and Dissemination Activities	170,832,250	Interest Income	2,540
Research Publications	48,928,855	Interest Securities	224,662,244
Information Programs	107,636,014	Profits on Securities Redeemed	1,820,905
Other Publications	14,267,381	Miscellaneous Income	352,493
General Operating Expenditures	422,344,526		
General Operating Expenditures	410,395,815		
Provision for Accrued Retirement Allowances	6,807,775		
Depreciation Expenses	5,140,936		
Additional Expenses			
Loss on Disposal of Fixed Asset	120,050		
Corporate Tax, Inhabitant Tax and Enterprise Tax	3,870,000		
Net Profit	76,210,751		
Total	1,172,961,909	Total	1,172,961,909

(From April 1, 2004 to March 31, 2005)

Notes

1. Criterion and method of evaluating negotiable securities:

Negotiable securities are valued at the moving average of their original prices.

2. Depreciation of fixed assets:

The corporate tax law standard has been adopted, and depreciation of tangible fixed assets is calculated using the fixed depreciation method. The accumulation of depreciation of tangible fixed assets total is as follows.

Tangible fixed assets ¥157,619,878

3. Summing up standard for reserves:

The allowance for retirement benefits is calculated as the sum that would have to be paid at the end of the accounting period if all employees retired voluntarily during the period.

4. Another important point regarding the financial statement:

The accounting system for consumption tax is the tax-included method

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The information available on NIRA's web includes:

- Details of NIRA research activities and research outputs
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Yebisu Garden Place Tower, 34th floor, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150 -6034

Tel:+81-3-5448-1735 Fax:+81-3-5448-1745 E-mail: pprd@nira.go.jp

NIRA **総合研究開発機構**
National Institute for Research Advancement