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The Role of Prefectural Government in Cross-Sector Collaboration for Regional Revitalization: A Public Policy Perspective from Yamagata, Japan

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Abstract: Collective Impact assumes that a backbone organization already exists; in depopulating rural regions it does not, and only government can supply the start-up cost and the legitimacy to convene. This article asks how a prefectural government initiates, sustains and relinquishes a privately led cross-sector collaboration, drawing on the author's role as the responsible official in Yamagata Prefecture's yori-i project (2022–2025). The prefecture acted as initiator, funder and convener, but exit was never designed: involvement contracted with the rotation of officials, and the performance target was lowered to match. Exit design must be institutionalized at initiation.

Keywords: Collaborative governance, collective impact, exit design, regional revitalization, local government, goal displacement, Japan.

Introduction: Rural regions in Japan face three pressures at once: population decline, an ageing demographic structure, and the outflow of income to areas outside the region. In the three municipalities examined in this article, the older population is projected to exceed the working-age population around 2030, and no reversal is expected through 2045 (Yamagata Industrial Support Organization, 2025). Problems of this kind belong to no single policy sector, and no single organization holds the resources or the authority required to solve them.

Collective Impact has been widely invoked as a response. The framework holds that cross-sector collaboration becomes durable when five conditions are met: a common agenda, shared measurement, mutually reinforcing activities, continuous communication, and a dedicated backbone organization (Kania & Kramer, 2011).

The framework, however, rests on an assumption: that a backbone organization already exists. In cities, and in societies with well-endowed foundations and a mature civil sector, the assumption holds. In depopulating rural areas it does not. The start-up cost of a collaboration, the legitimacy required to convene participants, and the capacity to absorb failure can in practice be supplied only by government.

A paradox follows. If government does not initiate, the collaboration never begins. If government remains, the collaboration ceases to be privately led and loses its autonomy. For government, therefore, this form of collaboration is not completed by launching it. Initiation, support and withdrawal together constitute the act of governing.

This article asks: how does a prefectural government initiate, sustain and relinquish a privately led cross-sector collaboration? The question is examined through the yori-i project, implemented by Yamagata Prefecture, Japan, over three years from FY2022. The argument in brief is that the prefecture performed the functions of initiator, funder and convener, but that the fourth function, exit design, was never designed. What occurred was not a planned transfer but a contraction of involvement triggered by the replacement of the responsible official, followed by a lowering of the performance target to match. The article analyzes why this outcome is structural rather than incidental.

METHOD

This article is a single-case study written from the perspective of a practitioner. From April 2022 to March 2025 the author served as Deputy Director of the Start-up Promotion Office, Division of Industrial Creation and Promotion, Yamagata Prefectural Government, and held operational responsibility for the project on the prefectural side.

The materials used are the prefecture's budget documents, internal briefing papers prepared during the policy decision process, the Databook and final report compiled by the implementing organization, press releases, published documents of the successor program, and the project website, together with a prior analysis of the project (Onodera, n.d.). An insider position gives access to decision processes that cannot be observed from outside; it also introduces evaluative bias. The article states this limitation and, wherever possible, grounds its account in documentary evidence.

Analytical framework: government as catalyst and the fourth function

Collective Impact clarified the conditions under which collaboration holds together. The literatures on collaborative governance and meta governance take a further step, describing the role of government not as command but as design: government frames the network from outside, supplies resources, sets the rules of participation, and at times participates itself (Ansell & Gash, 2008; Sørensen & Torfing, 2009; Emerson, Nabatchi, & Balogh, 2012).

These literatures are nevertheless built around the continuation of collaboration. When and how government reduces its involvement is treated in little depth, either normatively or empirically. This article divides the role of government into four functions and concentrates on the fourth. As initiator, government defines an issue as a public agenda and calls the collaboration into being. As funder, it bears the start-up cost and the risk of failure that neither the market nor the civil sector will carry. As convener, it uses the legitimacy peculiar to public authority to bring diverse actors into a single arena. As exit-designer, it designs in advance the reduction of its own involvement and the transfer of capability to others.

The yori-i project: initiation and data-based agenda setting

The project began in FY2022. The Mogami area in the north of the prefecture was chosen as the model region, and three of its municipalities, Mamurogawa Town, Kaneyama Town and Sakekawa Village, as the focus of data collection. The area was selected because the census of the time showed it to be the part of the prefecture where depopulation had advanced furthest. If the approach could be made to work under the harshest conditions, extension elsewhere would be easier: this was the prefecture's design logic.

At an early stage the prefecture and the implementing organization compiled a Databook covering population, money flow, living conditions, employment and region-specific resources, reorganizing statistics held by national, prefectural and municipal government together with the Regional Economy and Society Analyzing System (RESAS). In parallel, coordinators entered the field and interviewed municipal offices, firms and residents. Macro statistics and micro testimony were deliberately set against each other.

What this produced was not information but legitimacy. The 2018 money-flow analysis showed that Mamurogawa Town circulated 19.2 billion yen internally while 14.4 billion yen flowed out; Kaneyama Town circulated 11.5 billion yen against an outflow of 12.0 billion yen; and Sakekawa Village circulated 12.9 billion yen against 8.9 billion yen (Yamagata Industrial Support Organization, 2025). Figures of this kind convert local difficulty from somebody's subjective complaint into a shared structural fact. The political question of whose problem definition prevails is displaced by a technical one. Access to statistics, and the authority to edit and present them, belong to government. The power of government as initiator derives first from this power of definition, and only second from its budget.

The issues identified were consolidated into five agendas, namely people, industry, health, regional resources and the environment, and were screened against four questions: whether an issue can form part of an economic cycle, whether it connects to residents' well-being, whether it leaves a lasting effect on the region, and whether it can be applied to comparable areas.

Funding and institutional design

Legally, the project took the form of a subsidy: a public-interest foundation acted as the implementing body and the prefecture subsidized it. The prefecture did not implement the project itself. This choice of form was itself a design decision, placing ownership of the project outside the prefectural government from the outset. Table 1 sets out the budget.

Fiscal year	Budget (JPY 1,000)	Source
FY2022	30,488	General revenue 15,244 / national grant 15,244
FY2023	39,127	General revenue in full (grant application unsuccessful)
FY2024	25,942	General revenue in full

Table 1. Budget of the yori-i project, FY2022–FY2024.

The second year is the point of interest. The prefecture applied for a national grant and was not selected. The project was nevertheless not scaled back. The whole budget was shifted to the prefecture's own general revenue, and the amount was increased by 28 per cent over the previous year in order to expand the work. Fiscal support was thereby internalized: it no longer depended on the presence or absence of national funding.

Convening, outward and inward

A kick-off meeting was held in June 2022 with roughly 200 participants. Thereafter the secretariat met weekly, agenda subcommittees met every two or three months, and thematic working meetings met as often as weekly, and almost daily online in the run-up to press announcements. Firms and individuals registered as board members numbered 130 in August 2023 and more than 150 by February 2025.

The prefecture did not chair these bodies. It was positioned in the background from the beginning, and was in fact asked by the implementing side not to appear at the front. The reasoning, that a visible government presence suppresses private initiative, is sound as design.

The design nevertheless brought the project close to breakdown in its early phase, because the actor placed in the background was also the actor required to keep the project moving. Prefectural involvement was consequently strengthened in substance. Here lies the first paradox of the convening function: government is required to be involved invisibly, and involvement that is invisible cannot be defined in organizational terms.

A second direction of convening was also observed. Each time an outcome was announced to the press, other divisions of the prefectural government objected that they had not been informed. A cross-cutting project fits none of the existing divisions of jurisdiction and therefore touches several of them at once. This coordination was handled not by formal procedure but through the personal acquaintance and standing of the responsible official within the organization. In the present case the author had spent more than half of a prefectural career in internal administration and was known across many divisions, and that acquaintance functioned as a de facto coordinating resource.

Cross-sector convening thus presupposed cross-departmental convening inside government. Collective Impact addresses only the former; the latter is the scarcer and the harder of the two.

Outcomes

Over three years, eighteen new ventures or businesses were created, three in FY2022, nine in FY2023 and six in FY2024, against a target of twenty, an attainment rate of 90 per cent. The model that began in the Mogami area was extended to other municipalities and then to the prefecture as a whole.

The outcomes are not confined to counts of new business. The prefecture and the implementing organization externalized the method as reproducible knowledge in the form of a Databook and an implementation manual. This is the work of detaching the results of collaboration from the particular circumstances of one region and converting them into a transferable package. International transfer was also explored and a proposal was made to an international cooperation framework, but it has not been realized. The point of analytical interest is that transferability was designed for in advance.

The transition: withdrawal by rotation

In April 2025 the project entered a new phase. The post responsible on the prefectural side was lowered by one grade and changed hands, and the author left the project. At the same time the chief coordinator on the implementing side was replaced, and the university professor who had directed the work moved to an advisory role. Core personnel on both sides were exchanged at a single point in time.

Three institutional changes followed. First, the name of the program was changed from the Social Innovation Creation Model Project to the Regional Problem-Solving Business Creation Project. Second, the performance indicator in policy documents was changed from the number of new businesses created to the number of participating municipalities. Third, the structure was reorganized around the dispatch of coordinators to municipalities; three municipalities participated in FY2025.

In fiscal terms the scale of the project was reduced, and the funding source was shifted from prefectural general revenue to a national grant for regional revitalization.

The transition may therefore be summarized as follows: a reduction of input and a lowering of the target occurred simultaneously. This differs from the sequence assumed by textbook exit design, in which government reduces input step by step while transferring the corresponding function to a receiving organization. What took place was not transfer, but a reconciliation achieved by rewriting the objective to match the reduced resources.

Discussion: exit and retrenchment

A reduction in the involvement of government does not in itself indicate successful exit design. Exit and retrenchment resemble each other in outward form but differ decisively. Exit means that the function government relinquishes passes to another actor. Retrenchment means that the function is lost in the same measure as government withdraws. In the first case the level of collaboration is maintained; in the second it falls.

The distinction is hard to see in practice because in both cases the budget shrinks, the post is downgraded, and the program formally continues. The difference appears in the performance indicator. Where transfer has succeeded, the indicator can be held constant. Where it has not, the indicator must be lowered to a level that remains attainable. The rewriting of a performance indicator is therefore a diagnostic sign that distinguishes exit from retrenchment.

Discussion: the two directions of convening

The convening function of government has two directions, outward towards other sectors and inward within government itself. The existing literature examines the former, but the latter is its precondition. A cross-cutting collaboration cannot be formalized without crossing the vertical divisions of the administration. This inward capacity for coordination is supplied not by rules but by relational capital accumulated by an individual over a long period.

Discussion: the paradox of person-dependency

It is precisely that capital which the organization evaluates negatively. A program that collapses when its officer is transferred is, from the standpoint of the organization, fragile. The judgement is correct as an administrative norm. Periodic rotation of personnel is a deliberate device for securing impartiality, preventing capture, and maintaining continuity of business.

A paradox arises here. The capabilities that network governance requires, namely relational capital, a history of negotiation and the trust of counterparts, accumulate in individuals by their very nature. The administration defines these as person-dependent and seeks to eliminate them; what remains after their elimination is only that part of the work which does not require them. In other words, the administration periodically destroys, by its own legitimate norms, the capability on which it depends.

Discussion: goal displacement as a substitute for exit

A further norm compounds this. Public administration is expected not to fail in what it supports, whereas entrepreneurship support presupposes trial and error and is designed on the assumption that many attempts will fail. The two cannot be reconciled on a single indicator.

In the present case, the number of new businesses created was an indicator that was difficult to attain and whose shortfall was explicitly visible. The number of participating municipalities is easy to attain and its failure is not readily visible. When input is reduced, indicators move towards what is easy to measure and politically low in risk; and at the moment the indicator moves, the reduction of resources becomes explicable as the completion of exit.

This is the phenomenon that public administration has discussed as goal displacement (Merton, 1940), but in the context of collaborative governance it carries a distinct implication. Goal displacement does not conceal the failure of exit design; it substitutes for exit design. The difficult work of transfer need not be done if the objective is lowered instead. For an administrative organization the latter is always the cheaper course. Unless exit design is institutionalized, therefore, goal displacement is not chosen: it occurs as the default path.

Implications for exit design

Three requirements for exit design follow. First, the point and the conditions of transfer should be documented at the moment the program is initiated, not at the moment it ends. Second, the capability that makes the collaboration work should be defined not as the attribute of an individual but as an organizational post, for example a project manager, so that a successor can inherit it. Third, the reduction of resources and the transfer of capability should be synchronized, and the performance indicator should be held constant across the transition. If the indicator can be maintained while resources fall, transfer has succeeded; if the indicator must be lowered for the accounts to balance, it has not. Holding the indicator constant is the only device that makes exit design verifiable.

CONCLUSION

This article asked how government initiates, sustains and relinquishes a privately led cross-sector collaboration. The answer suggested by the case is as follows. Government initiated through its power to define the problem by means of statistics; it sustained the collaboration through a fiscal commitment that did not depend on the award of national funds; and it ended its involvement without having designed how to do so, through the replacement of personnel and the reduction of resources. The absence of transfer was compensated for by lowering the level of the objective.

The contribution is fourfold. First, it divides the role of government into four functions and shows that only exit design has no counterpart in the existing institutions of the administration. Second, it shows that the convening function is also directed inward, and that this inward coordination is the scarcer resource. Third, it distinguishes exit from retrenchment and identifies the rewriting of performance indicators as the sign that separates them. Fourth, it formulates withdrawal by personnel rotation not as an individual failure but as a structural consequence of the legitimate norms of bureaucracy.

The limitations are equally clear. This is a single case, observed over a short period, and the reported outcomes are indicators of activity rather than of long-term social or economic effect. An account written by a participant carries evaluative bias. Comparative work across multiple cases and longitudinal evaluation are required.

The implication is not confined to Japan. Where entrepreneurship support is institutionalized through state initiative, as under the presidential decree that governs such support in the Republic of Uzbekistan (Onodera, 2026), the greater the degree of state initiation, the larger the problem of exit becomes. Any administrative system that rotates its officials periodically is exposed to the paradox identified here. When the state calls a collaboration into being, the question to be asked is not how to begin, but at what point, to whom, and with what handed over, it is to be finished.

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