



Structure and Financial Characteristics of ERECON: Extension and Research Integration

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Abstract The Institute of Environmental Rehabilitation and Conservation's (ERECON) financial structure highlights its unique position among Japanese NGOs. Since its establishment in 2000 and its transition to a Non-Profit Organization in 2002, ERECON has primarily relied upon grants and donations, with annual revenue exceeding 100 million Japanese Yen (JPY) in both 2018 and 2023. The Japan NGO Center for International Cooperation reports that ERECON operates with 100 - 300 million JPY annually as do 15.9% of the total Japanese international cooperation NGOs. A distinctive characteristic of ERECON is its ability to develop extension programs based on the research outcomes, as seeds for extension, which is rare among NGOs. Since ERECON's 2013 designation as a MEXT-accredited research institution, ERECON began various Grants-in-Aid for Scientific Research, contributing to extension programs as well as financial diversification. Further unlike most NGOs that depend solely on external activity with its funding, ERECON successfully integrates research outcomes and its outreach, extension program, ensuring financial stability while maintaining its mission related to environmental rehabilitation and rural development. Despite challenges such as limited financial and human resources, ERECON's financial structure and strategy—balancing traditional NGO funding with research grants—sets it apart in the sector. ERECON's ability to sustain and expand its financial resources is critical in reinforcing its role as a leading model for Japanese NGOs integrating research outcomes and extension programs for practical development purposes.

Keywords organizational structure, financial characteristics, extension, research

INTRODUCTION

The Institute of Environmental Rehabilitation and Conservation (ERECON) has emerged as a significant contributor and leader in the sustainable development and environmental conservation sector. ERECON evolved from a research group focusing on the Mekong River Basin in Thailand to now focus on and have a broad commitment to address important environmental challenges throughout Asia (ERECON, 2023a.; ERECON, 2023b.; ERECON, 2024a.; ERECON, 2024b). Japan recognized ERECON as a non-governmental organization (NGO) in April 2000, and as a

Non-Profit Organization (NPO) in February 2002. This report aims to explore ERECON's current organizational structure and financial characteristics, focusing on the integration of its Extension and Research programs. The report also aims to derive key lessons learned and to offer actionable recommendations for an effective and sustainable financial-organizational model applicable to similar NGOs. The report highlights ERECON's unique ability to integrate research outcomes, as seeds for extension program, a rarity among NGOs, and its role in fostering international academic collaboration through initiatives and partnerships such as that with the International Society of Environmental and Rural Development (ISERD). As ERECON manages its ongoing financial challenges and constraints, its innovative approach to blending research with extension and practical application activities serves as a model for sustainable rural development strategies.

ORGANIZATIONAL DEVELOPMENT AND FINANCIAL INSIGHTS

Foundation of ERECON and Structural Development

Table 1 demonstrates ERECON's evolution and history from a research group to an NGO, to an international NPO. ERECON's mission to define best practices and to contribute to the responsible and sustainable use of natural resources in Asia includes environmental rehabilitation, conservation, and education, which promote harmony between the agricultural sector and the natural environment and between urban and rural development.

Table 1 ERECON's history

Date	Event / Milestone
April 1990	Research group was formed for field activities focusing on the Mekong River Basin
April 1999	Research groups from three universities located in Tokyo joined together to foster extension activities
April 2000	ERECON was established and recognized as an NGO
Feb. 2002	ERECON recognized as an NPO with the authorization of Tokyo Metropolitan Government
April 2006	ERECON Southeast Asia Office was established in Pathum Thani Province, Thailand
October 2007	ERECON Cambodia Branch was established in Phnom Penh, Cambodia
March 2010	International Society of Environmental and Rural Development was established mainly by ERECON
April 2010	ERECON Philippines Branch was established in Bohol, Philippines
April 2011	Functions of ERECON were divided into 3 Centers; Extension, Research and Administrative Centers
March 2013	Research Center of ERECON received designation as a Scientific Research organization from MEXT

In 2011, the functions of ERECON Headquarters were divided into three centers: the Extension, the Research, and the Administrative Centers, as shown in Fig. 1. This restructuring clarified the distinct roles of the Extension and Research Centers. Notably, in 2013, the Research Center was accredited by the Ministry of Education, Culture, Sports, Science, and Technology (MEXT) as an organization eligible for receiving and managing research grants. At the end of 2024, ERECON employed approximately 8 full-time paid staff and 9 part-time paid staff. The Board of Directors comprises 9 members who meet annually to oversee the organization's strategy and direction, in addition to the Managing Board with President, Executive Directors and contracted consultant representatives, totally 6 members. Annual expenditures closely align with revenue and best practice, with 82% allocated to programming activities and only 18% allocated to administrative operations (FY 2023 results).

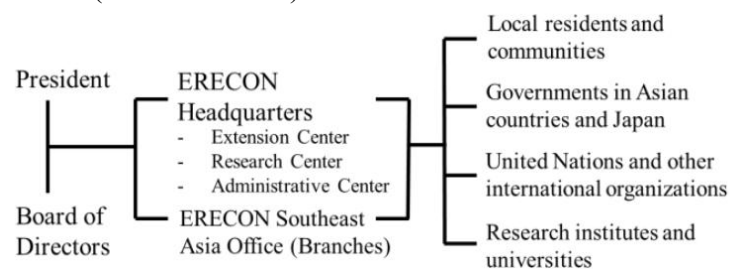


Fig. 1 ERECON's Organizational structure and partner organizations

ERECON's Financial Landscape among Japanese NGOs

ERECON's historical revenue is presented in Fig. 2. Fiscal year 2024 figures are estimated and not actual results. Revenue for the most recent fiscal year of 2023 was 113.6 million JPY which includes that Grants and Similar Funds contributed 65.3% of revenue, Donations accounted for 29.3% of revenue, and Business/Contracted Projects accounted for 5.3% of revenue. While donations are not designated for specific use, grants and contracted projects have designated scope and purposes. The total revenue from grants and contracted projects was 79.9 million JPY, with 92.9% of this revenue coming from extension projects and 7.1% from research projects. This breakdown indicates that ERECON prioritized to extension projects, as it has been the first aim of the organization. Subsequently, research projects are also indispensable for supplying the seeds or the directions to the extension projects. Accordingly, the integration between research activity and extension activity is the most crucial, as the outcomes from research projects would indicate the adequate ways for the project implementation of extension activities. Also, this integration contributes to multi-sourced revenue and financial flexibility to support extension activities while maintaining its foundational research base. In terms of grants and commissioned funds, 94.4% were received from domestic foundations and funds within Japan, while 5.6% were received from international organizations. The 2023 figures follow historical trends and indicate that ERECON relies primarily on Grants and Similar Funds and Donations as its primary revenue sources. However, it is important to note that there were annual fluctuations in revenue. A significant decline from 2013 to 2016 was attributed to the conclusion of major grant projects. The more recent decline from 2019 to 2022 was primarily due to the impact of the COVID-19 pandemic. Since its establishment, ERECON's revenue has shown an increasing trend, exceeding 100 million JPY in fiscal years 2018 and 2023, with the fiscal year 2024 estimated to also exceed 100 million JPY.

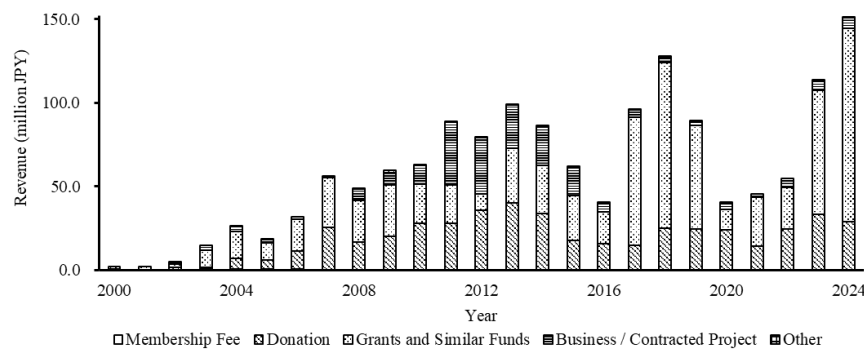
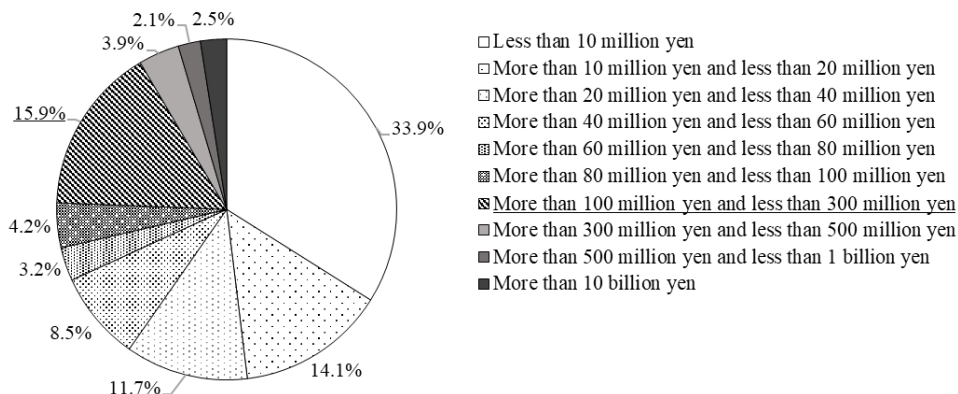


Fig. 2 The trend and breakdown of ERECON's revenue



Based on Data Book on NGOs in Japan 2021 – NGO in Figures (JANIC, 2021)

Fig. 3 Annual revenue size of Japan's International Cooperation NGOs

In 2021, the Japan NGO Center for International Cooperation (JANIC) conducted a survey which was summarized in the "Data Book on NGOs in Japan 2021 - NGO in Figures." The results include that 96 of 283 or 33.9% of international cooperation NGOs operated with annual revenue of less than 10 million JPY as shown in Fig. 3. Forty-five organizations, or 15.9% had annual revenue ranging from 100 million to 300 million JPY which represented the second most common revenue tier. As such, ERECON's revenue scale places it within this tier.

ERECON's trends in revenue to conduct research are presented in Fig. 4. ERECON's predecessor research group valued and placed a strong emphasis on extension programs based on research outcomes which ERECON continues to support. In contrast to ERECON's current funding, the predecessor group had almost no institutional income and relied solely on individual contributions and personal resources. Furthermore, due to an initially weak financial foundation during its early activities, a significant proportion of the funding came from research-related grants. After obtaining NPO status in 2002, and shifting its focus to extension activities, small-scale grants for extension projects became the primary source of ERECON's funding. As a result, revenue to conduct research remained at zero from fiscal years 2005 to 2013. However, since its 2013 designation as a research institution eligible for MEXT Grants-in-Aid for Scientific Research, ERECON began to be awarded grants to conduct research. Revenue to conduct research is quite rare among NGOs, highlighting ERECON's unique position.

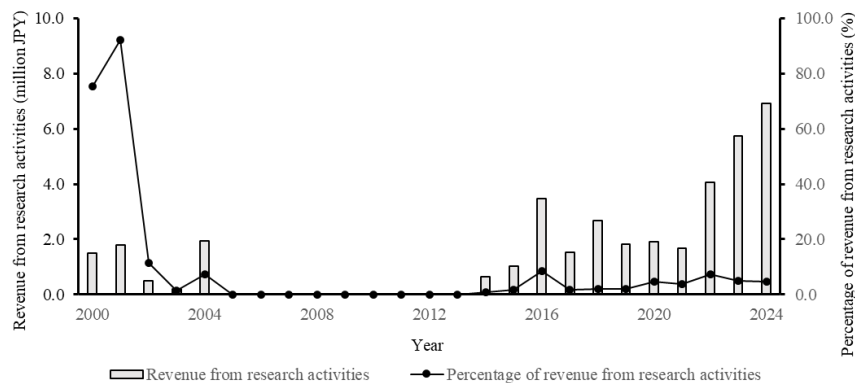


Fig. 4 ERECON trends in revenue to conduct research

ADVANCING SUSTAINABLE DEVELOPMENT THROUGH EXTENSION-RESEARCH INTEGRATION

Contributions to International Academic Collaboration

ERECON plays a pivotal role in advancing international academic discussions and the implementation of practical and sustainable development strategies. ERECON's strongest partnership is with ISERD which ERECON contributed to establish in 2010. ISERD's mission is to contribute to sustainable rural development through social and economic development in harmony with the natural environment and to support the potential for capacity building of local institutions and stakeholders in the rural area supported by academic capabilities and strategies. Over the past 15 years, ISERD has focused on promoting practical approaches to rural development in developing countries and facilitating collaborations among universities, research institutions, and local communities.

The technologies and methods implemented in developing countries must be carefully evaluated from multiple perspectives focusing on customization to meet local infrastructure, education and training capacities, adoption, and other variables to ensure their effectiveness and sustainability. Additionally, it is essential to recognize that the number of researchers and research institutions directly addressing local issues in developing countries is limited further challenging country-by-country successes.

Challenges also remain prevalent within the broader international cooperation NGO sector. As highlighted in JICA's 2008 publication, "Understanding Japanese NGOs from Facts and Practices," many NGOs face significant constraints in financial and human resources (JICA, 2008), which limit their capacity to engage in research activities. Furthermore, only 19 of 2,057 or 0.9% of MEXT-accredited research institutions are NPOs in Japan, including ERECON (MEXT, 2024). This underscores the rarity of NGOs that successfully integrate research with extension.

Pioneering Research-Extension Synergy

ERECON is a unique NGO that effectively bridges research and extension activities.



Note: Tboung Khmum Province, Cambodia (August 2024)

Fig. 5 International workshop and symposium on sustainable rural development

ERECON's model includes research that generates evidence-based knowledge, while extension applies this knowledge to real-world, rural contexts through local and participatory approaches. This synergy enhances both academic relevance and real-world and field impact. This model was demonstrated in August of 2024, when ERECON conducted an International Workshop and Symposium on Sustainable Rural Development in Tboung Khmum Province, Cambodia. As demonstrated in Fig 5, ERECON organized collaborative workshops with researchers and local community residents and facilitated social surveys and data collection by applying Participatory Rural Appraisals (PRAs), which informed sustainable rural development strategies. Researchers presented their findings at the symposium fostering dialogue and strategic planning among the researchers and ERECON.

ERECON recognizes the value and potential of young researchers who are motivated by a commitment to community benefit as well as to their academic recognition and growth. ERECON supports young researchers as they engage with residents to uncover latent potential to define, develop, and contribute to sustainable rural development. Such initiatives in the International Workshop underscored the transformative role that ERECON plays in linking academia with real-world challenges. More broadly, ERECON collaborates with local educational and research institutions as well as communities to contribute to regional development through sustainable agriculture and environmental protection initiatives. These activities align with the fundamental goals of the Regional Centre of Expertise (RCE) model to promote sustainable development. The International Workshop was conducted within the framework of RCEs and in particular, partnered with the RCE Greater Phnom Penh to foster knowledge exchange and collaborative development.

LESSONS LEARNED, CONCLUSIONS AND RECOMMENDATIONS

ERECON's 25 years of experience highlights the value of integrating academic and research outcomes with grassroots extension activities. Financial diversification through a blend of

extension funding and research grants has enabled ERECON to remain resilient and focused on its mission.

Key lessons learned and conclusions:

- Institutional credibility: The importance of institutional credibility, e.g., experience as an NPO and designation as an organization eligible for Grants-in-Aid for Scientific Research, is crucial in securing long-term funding.
- Internal collaboration: The significance of collaboration among extension, research, and administrative activities cannot be overstated.
- Strategic partnerships: Forming strategic partnerships with RCEs and other agencies and organizations, aids in regionalizing and operationalizing research.

Recommendations:

- Research accreditation: Similar NGOs should seek research accreditation to provide academic/scientific background for extension activity, and to broaden their funding sources.
- Promote collaboration: Active promotion of cross-sectoral collaboration is essential.
- Strengthen internal structures: Fostering internal structures for financial monitoring and strategic planning should be prioritized.

CHALLENGES AND OPPORTUNITIES AHEAD

ERECON's dual focus on extension and research missions and objectives is unique among Japanese NGOs as demonstrated by its rare status as one of the few MEXT-accredited research institutions among NPOs. While financial and resource limitations remain ongoing challenges, ERECON's innovative approach to integrating academic and practical, real-world efforts is a model for addressing complex global issues. ERECON's long-term focus and commitment to fostering sustainable rural development through research-extension synergies holds immense potential to influence policies, practices, and the broader landscape of international cooperation and contributions from ERECON and other NGOs.

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