



***THE FIRST YEAR OF JAPAN'S  
DIGITAL AGENCY: IN PURSUIT OF  
COHERENCE AND IDENTITY***

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On Sept. 1, 2022, Japan's new Digital Agency marked its first anniversary. During his tenure, which only lasted about a year, Prime Minister Suga Yoshihide planned and launched the agency along with a totally new legal framework for Japan's digital transformation. The motto behind the newly established agency has been "Government as a Start-Up." The core idea was to utilize the dynamism of young IT start-up companies to push digital transformation that had not developed much from Japan's first digital strategy (the e-Japan Strategy) in 2001.

The establishment of the Digital Agency represents Suga's institutionalized commitment to fighting Japan's digital backwardness, revealed in the government's IT responses to COVID-19, including the slow contact-tracing operation and difficulties in applying for Japan's coronavirus financial aid program. The Agency sets out to resolve swiftly the "digital defeat" experienced during the pandemic, which should be overcome with speed, innovation, and public-private cooperation. Though its primary

role can be found in domestic issues, it is also highly relevant to Japan's security, defense, and foreign relations. For instance, the setting of digital standards for the national and local governments by the agency is essential to preventing cyberattacks. At the same time, the advanced data collection and processing it promotes provide the government with an important basis for informed decisions in its foreign policy, which could include designing or negotiating trade agreements, among other things. In short, advancing digitalization is necessary at all political levels and across all dimensions.

From a legislative and institutional perspective, the Digital Agency started strong. Overcoming highly fragmented decision-making was central, as it was one of the main obstacles in promoting digitalization in the past. To promote competency regarding IT policies, the agency has been placed under the direct control of the prime minister, who serves as its official head, and above all existing ministries—a very unusual step in Japanese governance. To strengthen its position, the agency was also equipped with authority over all IT-related spending at the central government level.

Despite the strong institutional basis of the Digital Agency, concerns arose just three days after its establishment as Prime Minister Suga announced his resignation. Without many allies, the strength of the agency depends on the active backing of the prime minister. Suga's successor, Kishida Fumio, has been criticized for paying insufficient attention to the Digital Agency and the digitalization agenda. However, with the government reshuffle in August 2022, Kishida addressed this criticism directly, linking digital transformation with his main policy agenda and appointing Kono Taro as minister of digital affairs. Apart from being a heavyweight within the Liberal Democratic Party, Kono also accumulated vast experience in the field of digitalization, playing a pivotal role in the establishment of the Digital Agency. Kono's appointment, Kishida said, was due to his "ability to get things done and move things forward."

However, numerous other issues continue to undermine the new agency's activities. The position of the Digital Agency within the government structure

is clear, yet its internal structure is unwieldy. One issue is that many elements from other organizations dealing with digitalization, such as numerous officer positions and advisory bodies, were adopted at the expense of a clear chain of command. Further tensions arose when individuals from the private sector received high positions outside the traditional bureaucratic structure without much experience in bureaucratic work procedures. The first chief digital officer, Ishikura Yoko, also did not exert strong leadership due to health reasons and left the agency after only seven months.

This lack of strong leadership and therefore clear prioritization of tasks has been problematic for the agency, as it faces exaggerated expectations from the government and the public. The agency has not only been tasked with acting as a control tower for the digitalization process within the whole government but also with solving practical issues including dissemination of the Japanese digital citizen ID, standardization of local government IT systems, and creation of a common registry for basic data like addresses, companies, and property. This overstrains its capacity and impairs its efficiency.

Of course, the ability to address digitalization-related problems not only relates to a lack of leadership but also to limited and heterogeneous staff. The agency has only 700 employed staff members, about two-thirds of which are seconded from one of the numerous Japanese ministries, and the rest from the private sector. As a public institution, it could not initially hire its own permanent staff due to the legal prerequisite to pass the centralized civil servant exams. Having only temporary staff shared with the ministries or the private sector has been a problem, as they mostly remained loyal to their parent organization, to which they would eventually return. Moreover, the lack of social opportunities during the pandemic hindered the formation of a strong institutional identity.

Finally, the very idea of “Government as a Start-Up” has proven problematic. While located in the former headquarters of Yahoo Japan, with spacious and open workspaces, the Agency’s start-up work culture naturally opposed the principal rationality of

bureaucratic work based on accountability, meticulous documentation, and standardized processes.

Yet, in its first year, the Digital Agency has experienced positive changes. After Suga’s resignation, pressure on the agency decreased, providing it with more time to consolidate. Despite differences among staff, it integrated the Japanese identification card called “My Number Card” with the health care system, increasing its usefulness and public acceptance. The agency made progress in establishing cooperation with local governments. Furthermore, it initiated a common framework for standardizing local IT systems, even if the new framework might not be in place for 2025 as planned. The diminished public focus at this stage has helped the agency move away from visible, politically desired outcomes to focus on less glamorous, work-intensive projects essential for digitalization. This includes, among other things, the development of a common basic IT architecture for public sector digitization and the revision of 60,000 existing laws and regulations hindering digitization.

While less attention has been helpful to consolidate the Digital Agency, it must not lose momentum. One of the keys to success will be to maintain or even increase public support for digitalization. Kono’s popularity is an asset because it could popularize and improve understanding of digital transformation’s benefits; certainly a great challenge in Japan, with the highest proportion of elderly citizens in the world.

The other key is the successful integration of private sector personnel, experienced bureaucrats, and career-track civil servants to be hired during 2022. It remains to be seen if the introduction of a career-track civil servant examination tailored for Digital Agency staff will increase the number of bureaucrats well-acquainted with IT and able to improve cooperation with private sector personnel, thus finally creating a strong institutional identity.

Without a doubt, having a functioning and empowered digital agency will be pivotal to deal with future challenges such as issues related to the ageing

population or new geopolitical conflicts increasingly occurring within the digital domain.

*PacNet commentaries and responses represent the views of the respective authors. Alternative viewpoints are always welcomed and encouraged.*