

LoGICA Intergovernmental Profile

Japan, 2023

1. Country description and state of decentralization

Japan, a small archipelago country by land area, has a population of 124.9 million, with over half of the country's population concentrated in Tokyo, Osaka, and Nagoya. Local autonomy is ensured by the Constitution, adopting a "fusion type" system where central and local entities are mutually dependent. With 47 prefectures and 1,718 municipalities, local governments provide essential services, and recent amalgamations reduced the number of municipalities. They play a significant role in daily services like police, fire, education, and public welfare. Local government expenditures contribute substantially to the national economy. The 2000 Decentralization Reform aimed to empower local governments and enhance service quality.

Japan is an archipelago country with a relatively smaller territorial size (377,975 square kilometers). It is mainly composed of four major islands: Hokkaido, Honshu, Shikoku, and Kyushu, as well as other smaller islands. According to current population estimates, it has a population of 124,947,000 as of October 2022. More than half of the total population (53.2%) lives in three metropolitan areas around Tokyo, Osaka, and Nagoya in 2022.

Local autonomy is ensured in Japan's current Constitution, adopted in 1946. Article 92 of the Constitution provides that "regulations concerning the organization and operation of local public entities shall be fixed by law in accordance with the principle of local autonomy." Based on this article, the "Local Autonomy Law" was adopted in 1947 as a basic law to provide for matters on the organization and operation of subnational ('local') governments such as their types, powers, residents, legislative assemblies, agencies, financial affairs, and others. In Japan, local governments are part of the governing system for the entire nation, and a "fusion type" system has been adopted where central and local administrative entities are in a mutually dependent and mutually complementary relationship.

Japan employs a unitary system in its central-local relations. The intergovernmental profile covers the multilevel governance arrangements in Japan, including the 47 prefectures as regional local government, and 1718 municipalities. Municipalities are further divided into three categories: city, town, and village. It mainly depends on the population size of the community. In each local government level (i.e., prefectural and municipal level), local government has an elective executive head (governors in prefectural level, and mayor in municipal level), and a council composed of elected council members. The number of municipalities has been decreasing due to several times municipal amalgamations. The most recent municipal amalgamations took place in the 2000s, led by the central government (it was not compulsory, but it was strongly advised with financial and other incentives), especially for the smaller municipalities such as towns and villages. The number of municipalities significantly decreased within this period, from around 3,200 to 1,700.

Local government plays an important role in providing basic public services to the citizens. Most of the police, fire, and ambulance services, as well as compulsory education are provided through the local government, rather than through the central government. The share of local governments' expenditures is higher in areas that are deeply related to the daily life of citizens, such as public welfare, sanitation, and school education. As a result, all local government expenditures account for 41.6% of Government final consumption expenditure, and 50.4% of Public

gross capital formation (Ministry of Internal Affairs and Communications 2023). In total, local governments engage in more final expenditures than the central government and play a major role in the national economy.

The formal Decentralization Reform took place in 2000, which was sought to address the longstanding issue of centralization by empowering local governments with greater decision-making powers. The reform aimed to strengthen local autonomy and improve the quality of services provided to communities across Japan.

2. Subnational (territorial-administrative) structure of Japan

Japan has a unitary structure with three levels of government: central, prefectural, and municipal. There are 47 prefectural governments and 1,718 municipalities, serving as the primary territorial subdivisions. Municipalities include cities, towns, and villages. Local public cooperatives, special local governments, are established to ensure efficient local public service delivery. Among them, 1,525 cooperatives exist, categorized as Partial Cooperatives (garbage disposal, fire services) and Wide-area Cooperatives (comprehensive affairs). Prefectural and municipal governments play crucial roles in providing public services, while cooperatives enhance efficiency for smaller municipalities.

Japan is a unitary country composed of three levels of government: central, prefectural, and municipal (Figure 1). Prefectural governments represent the primary of first territorial-administrative subdivision of Japan. The secondary territorial-administrative division of Japan is formed by municipal governments comprised of cities, towns, and villages. Institutionally, the local government structure further includes local public cooperatives that are organizations established by two or more local governments to deal with issues more efficiently and effectively addressed by multiple rather than single local governments. It is a special local government (special local public entity), which is similar to special-purpose local government in the United States.

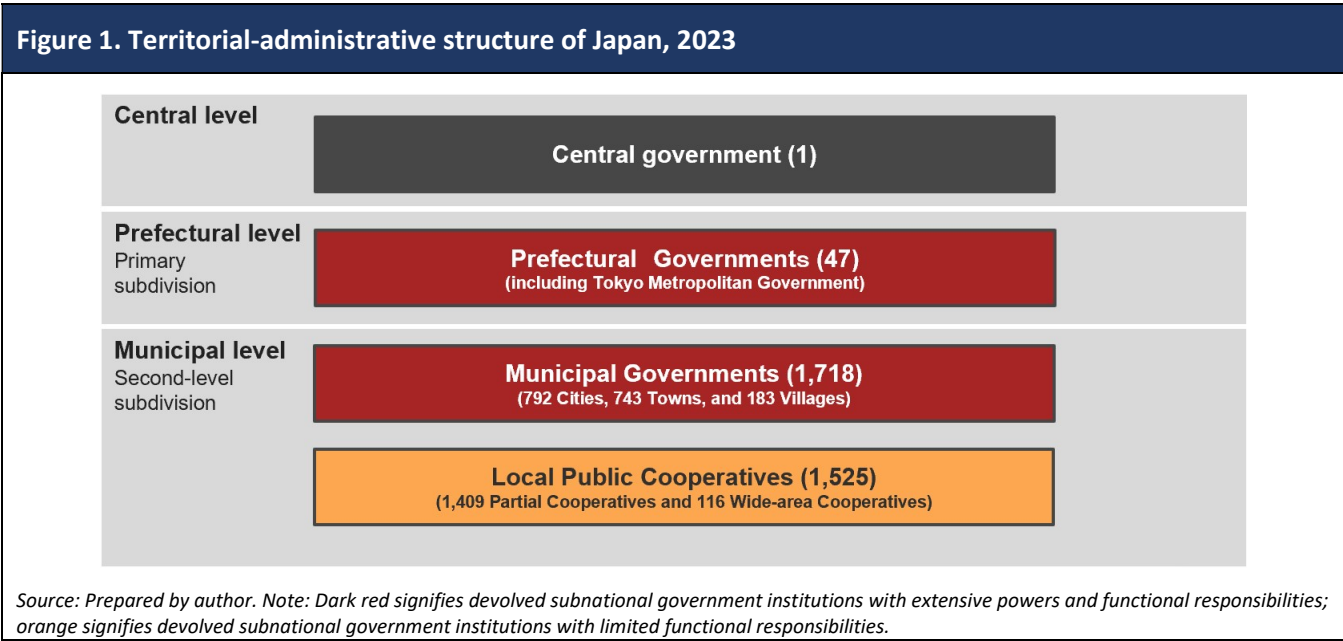


Table 1 presents an overview of the current subnational administrative-territorial or governance structure of Japan. The number of units represents the latest statistics from the Ministry of Internal Affairs and Communications, including 47 prefectural governments, 1,718 municipalities, and 1,525 local public cooperatives.

Table 1. Subnational governance institutions, 2021					
	Number of units	Complete territorial coverage?	Uniform structure	Territorial Level	Nature of Level / Type
Central government	1	Yes	Yes	Central	GP
Prefectural governments	47	Yes	Yes	Regional	GP
Municipal governments	1,718	Yes	Yes	Local	GP
Local Public Cooperatives	1,525	No	Yes	Local/Regional	SP

Source: CLAIR (2022) *Local Government in Japan 2020 (2022 Revised Edition)*.

Note: GP – General purpose government. SP – Special purpose (function) government

Prefectural Governments: In Japan, 47 prefectural governments are the primary territorial administrative subdivisions of Japan. Prefectural government is regarded as a region-wide local government. Each prefectural government has elected governors as executive head, and prefectural councils composed of elected council members. The Tokyo metropolitan government is one of the 47 prefectural governments, and it is the largest prefecture in terms of population with more than 14 million residents. In contrast, Tottori is the smallest prefecture with 550,000 residents.

Municipal Government: In Japan, the municipal government level is regarded as the lowest local government level. There is no lower local government level below the municipal level. As a basic local government to serve the people, municipal government plays a vital role in providing basic public services such as education, registration, public welfare, public assistance, urban development, and other community affairs and others, except for those implemented at the prefecture level. There are 1,718 municipalities, and it is composed of 792 cities, 743 towns, and 183 villages as of October 8, 2023. The categorization of municipalities basically depends on the size of the community. If the population of the community is bigger than 50,000, the town or village can attain city status. This minimum population requirement is prescribed in the Local Autonomy law. The population requirement for village level to become a town level depends on each prefecture's ordinance. In many cases, a community requires more than 5,000 or 10,000 residents to be considered a town. The village is the smallest category of the municipality in terms of its population. There is no minimum population requirement for villages.

Local Public Cooperatives: Local public cooperatives are special local governments established by two or more local government, mostly small municipalities, to deal with issues more efficiently and effectively addressed jointly by multiple localities rather than by a single local government. There are two types of local public cooperatives, listed below: (a) Partial Cooperatives: Established to handle garbage disposal, fire services, etc.; (b) Wide-area Cooperatives: Established to develop plans for affairs covering a wide area, and to handle these affairs comprehensively and systematically. There are 1,525 local public cooperatives in Japan and it is composed of 1,409 Partial cooperatives, and 116 Wide-area cooperatives as of July 2021. Institutionally, local public cooperatives are special local government bodies composed of an executive head and a council. Wide-area cooperatives can legally have directly a elected mayor and council members, but there is no such case in practice, and all of the Wide-area Cooperatives rely on indirectly elected mayors and council members, through the election among member local governments. Partial Cooperatives have a longer history, as they originated during the creation of modern local government system in the pre-war period. They are widely created to deal with garbage disposal, fire service, and other functions, typically formed by smaller municipalities that are too small to manage these services by their own.

3. Nature of subnational governance institutions in Japan

Prefectural and municipal governments are extensively devolved local entities in Japan, meeting key criteria of subnational governments—both in law, as well as in practice. All three entities possess independent corporate status, govern their respective territorial jurisdictions, and have their own elected political leadership. They also own assets, raise funds, prepare budgets, and appoint their own officers. While prefectural and municipal governments can levy taxes, local public cooperatives cannot. Prefectures and municipalities enjoy a high degree of autonomy without interference by higher-level government in their decision-making and operations. Local public cooperatives, indirectly governed, lack taxing powers and cater to areas like fire services and garbage collection. Given the limits on their functional responsibilities and more limited (de facto) autonomy from their parent-governments, they should be considered devolved local governments with limited powers and functions.

Prefectural government, municipal government, and even local public cooperatives meet the key criteria of devolved local governments. All these have independent corporate status with the powers to own assets and raise funds, prepare, adopt, and manage own budgets, incur liabilities by borrowing, and appoint own officers and staff. However, as Local Public Cooperatives are special local governments, while prefectural governments and municipal governments are ordinary local governments, there are some limitations.

Table 2. Subnational governments meet criteria of devolved governments			
	Prefectural Governments	Municipal Governments	Local Public Cooperatives
Corporate status (de jure and de facto)	Yes, as ordinary local public entity corporate status provided by Local Autonomy Law	Yes, as ordinary local public entity corporate status provided by Local Autonomy Law	Yes, as special local public entity corporate status provided by Local Autonomy Law.
Engages in governance functions	Provide prefecture-wide public services	Provide municipality-wide public services	Provide member local government wide public services
Own (elected) political leadership	Directly elected Governor, and council members	Directly elected Mayor, and council members	. Although wide-area cooperatives have the option to have a directly elected mayor and council members, there is no such case in practice, and all wide-area cooperatives utilize an indirect election process among member local governments for the selection of the mayor and council members.
Own assets and raise funds in own name	Yes (including taxing powers)	Yes (including taxing powers)	Yes (excluding taxing powers)
Prepare, adopt, and manage their own budgets	Yes	Yes	Yes, except for levying their own taxes. The revenue is derived from membership dues from member municipalities, user fees, borrowing, and other sources.
Incur liabilities by borrowing on their own account	Yes	Yes	Yes, but it cannot levy own taxes.
Appoint own officers and staff	Yes	Yes	Yes

Prefectural governments and municipal government in Japan have a high degree of autonomy in decision-making and operations of resources over their jurisdiction as independent government unit at the local level. Subnational governments in Japan do not require any further approval from the higher-level government, and it is not arm-

length body of national government as a dual function. Further, subnational government in Japan does not get interference from the high-level government in exercising their powers and functions such as hiring their officers or staff, or owing assets and funds with their own name. Prefectural governments and municipal governments should be considered **devolved subnational government institutions with extensive powers and functional responsibilities**. Local public cooperatives should be considered **devolved subnational government institutions with limited powers and functional responsibilities**. Local public cooperatives are special local governments established by two or more local government, mostly small municipalities, to deal with issues more efficiently and effectively addressed by multiple rather than single local government. As the functions and responsibilities of local public cooperatives are dependent of member local governments' will, it is generally limited to fire service, garbage collection, and others. Also, local public cooperatives cannot levy tax with their own name. In related to this, local public cooperatives are governed by both mayors and council members indirectly elected from the member local governments.

4. Assignment of functions and responsibilities in Japan

Japan's local autonomy, defined by the Local Autonomy Law (1947), grants broad administrative autonomy to local governments. The principle of municipal priority guides the distribution of functions among national government, prefectural and municipal governments. The national government focuses on matters of international concern and uniform nationwide activities, collaborating with local governments. Prefectural and municipal governments play distinct roles, with prefectures overseeing large-scale regional affairs, while municipalities handle diverse public services, highlighting their crucial role in providing essential services to citizens.

The Decentralization Reform in 2000 brought about extensive amendments to the Local Autonomy Law, introducing the "Law for the Improvement of Relevant Laws for the Promotion of Decentralization" in July 1999, known as the Omnibus Local Autonomy Law. This legislation clarified the division of responsibilities between the national and local governments. Following the amendments, local governments were granted broad autonomy in performing administrative functions within their communities, independently and comprehensively. Conversely, the national government was tasked with matters concerning Japan's role in the international community, nationwide activities requiring uniform handling, and the execution of policies on a nationwide scale. This restrictive approach to the role of the state aimed to delegate administration of local matters as much as possible to local governments.

Regarding the distribution of functions between prefectural and municipal governments, the Local Autonomy Law stipulates that prefectures, as regional authorities encompassing municipalities, are responsible for handling large-scale regional affairs, facilitating communication and coordination among municipalities, and handling supplementary matters for municipalities. Municipalities, as the fundamental units of local government, are designated to manage affairs not covered by prefectures. This arrangement reflects the "principle of municipal priority."

The allocation of functions is based on the principle that tasks should be delegated to municipalities first, then to prefectures, and only to the central government if these levels cannot handle a particular task. This aligns with the "principle of subsidiarity." However, in the practical allocation of responsibilities among the central government, prefectures, and municipalities, conclusive assignment for all stages in a specific category is often challenging. Instead, functional divisions are made at each stage within the same category. Japan's local governance system is characterized as a "fusion type" of allocation rather than a "separation type."

LoGICA's functional assignment section captures which government levels or administrative tiers are responsible for the delivery of a range of major frontline public services, including public education, public health services, road infrastructure, and so on. In contrast to the legal or *de jure* assignment of functions, the *de facto* assignment

of functional responsibilities reflects the government level that actually provides the frontline service. An overview of the de facto assignment of functions and responsibilities in Japan is captured in Figure 2, with each icon reflecting significant responsibility in one of the main categories of government functions.



National Government Functions: National government functions are restricted to the matters concerning Japan's role in the international community, nationwide activities requiring uniform handling, and the execution of policies on a nationwide scale. While most of the national government functions involve standard-setting and financing across a wide range of functions, the role of the central government in direct frontline service provision is limited. Instead, the national government typically maximizes its resources through collaborating with local governments.

The main functional area where the central government engages in direct service provision is the national defense. This function is directly provided by the Japan Self Defense Force under the Ministry of Defense. About half of the National Civil Service consists of Ministry of Defense officials.

Prefectural Government Functions: The Local Autonomy Law stipulates that prefectures, as regional authorities encompassing municipalities, are responsible for handling large-scale regional affairs, facilitating communication and coordination among municipalities, and handling supplementary matters for municipalities. However, in the practical allocation of responsibilities among the central government, prefectures, and municipalities, conclusive assignment for all stages in a specific category is often challenging. Instead, functional divisions are made at each stage within the same category.

Across the government functions and services reviewed as part of the LoGICA assessment, prefectural governments are generally directly responsible for providing five main government services: police services, economic affairs, agriculture sector, public housing, health, and public education (upper secondary education):

- **Police Services:** Among public order and safety, police services are a prefectural government function, while fire protection is largely a municipal government function.
- **Economic Affairs:** General economic affairs, including agricultural extension, irrigation, labor development, and local economic development, are largely a prefectural government function.
- **Housing:** While public housing is provided at all levels of government, including national, prefectural, and municipal government, the majority of public housing is provided by both prefectural governments and municipalities. Community amenities, such as parks, are mostly provided by municipalities.

- **Health:** Public health services are largely provided through public health centers managed by prefectural governments. A city governments above a specific population threshold can establish their own public health centers. However, most municipal governments rely on the public health services provided by the prefectural governments. Meanwhile, the public health insurance system is administered by municipal governments.
- **Education:** Prefectural governments provide upper secondary education (high school level) in the public education system, while municipal governments provide lower secondary education (primary school and junior high school level).

Municipal Government Functions: All other frontline public services considered as part of the LoGICA assessment are generally provided by municipal governments in Japan. Identifying the primary responsibility for specific services between prefectural governments and municipal governments in Japan can be challenging due to the overlapping functions and responsibilities. Nevertheless, municipal governments in the country are tasked with various functions and services.

- **General public service:** Municipal governments are responsible for resident registration, family registration, and other related services.
- **Fire protection:** Among public order and safety, fire protection is largely a municipal government function, while police services are a prefectural government function.
- **Public transit:** Public transit, including buses, LRT, and urban railways, is largely a municipal government function.
- **Environmental protection:** Environmental protection, including waste management, wastewater management, and the protection of landscapes, is a municipal function.
- **Social protection:** Social protection, including social welfare for individuals with disabilities, seniors, and others, is largely a municipal function.
- **Housing and community amenities:** While public housing is provided at all levels of government, including national, prefectural, and municipal government, the majority of public housing is provided by both municipal governments and prefectural governments. Meanwhile, most community amenities such as parks are largely provided by municipalities.
- **Health:** The public health insurance system is administered by municipal governments, while public health services are largely provided through the public health center at each prefectural government.
- **Education:** Municipal governments provide lower secondary education (primary school and junior high school levels), while prefectural governments provide upper secondary education (high school level) in the public education system.
- **Road:** While national, prefectural, and municipal governments are involved in road construction and maintenance, the majority of roads fall under municipal jurisdiction.
- **Recreation:** Recreation and culture, including parks, recreational and sporting services, as well as other cultural and community services, are generally provided by municipal governments.

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