

KEY QUESTION

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What are important decision-making opportunities in Japan's annual budget process?

Initial allocations are determined from April to August; Cabinet makes final decisions in December and January

Japan's fiscal year starts in April and ends in March. However, certain budget allocations can be decided upon during the year (see 'supplementary budgets' below).

Apart from year-to-year allocations, the Prime Minister has ample discretion to commit new funding through multi-year initiatives, e.g., Prime Minister Abe announced a commitment of US\$1.1 billion in funding for global health in May 2016.

- **Ministries prepare their budget requests:** From April to August, all ministries draft their funding requests for the upcoming fiscal year. This includes the Ministry of Foreign Affairs' (MOFA) grant aid budget, and technical cooperation channeled through the Japan Agency for International Cooperation (JICA). Key stakeholders at this point are senior officials at MOFA's International Cooperation Bureau.
- **Ministry of Finance assesses ministerial budget request:** Between September and December, once the ministries submit their budget requests, the Ministry of Finance (MOF) assesses them and forwards them to the Cabinet by December.
- **Cabinet makes final decision on draft budget bill:** Around December, the Cabinet makes its final decision on ministries' budget requests and presents the draft budget bill to Parliament, usually by mid-January.
- **Parliament (the 'Diet') debates the draft budget:** From January to March, ministerial budgets are discussed by the House of Representatives' Budget Committee. Amendments to funding lines are rare at this stage, particularly under the current Liberal Democratic Party (LDP)-led coalition, which holds a majority in both chambers of parliament. Once approved by Parliament, the budget bill is deemed adopted.
- **Supplementary budgets:** In addition to this annual budget cycle, ministries can submit supplementary budget requests for the ongoing fiscal year between August and November. These are assessed by the MOF and negotiated in Parliament, and approved by the Cabinet and the Parliament between December and January.

