

Tokyo Social Bonds Framework

March 2022

Tokyo Metropolitan Government

Tokyo Social Bonds Framework

1. Issuance of Tokyo Social Bonds

The Sustainable Development Goals (SDGs), which consist of 17 goals to achieve a sustainable world, were adopted at the United Nation Summit in September 2015. Expectations are held on initiatives taken by not only national governments but also local governments to reach these goals.

In March 2021, the Tokyo Metropolitan Government formulated Future Tokyo: Tokyo's Long-Term Strategy (hereinafter referred to as Future Tokyo). This lays out the visions for Tokyo in the 2040s, the strategies to be implemented up to 2030 to achieve those visions, and projects to implement such strategies. Future Tokyo sets out the direction of policies to be taken to realize a sustainable Tokyo that strikes a balance between maturity and ongoing growth, and is people-centered, because people are who generate Tokyo's growth. This is in line with the SDGs' core message of creating an inclusive society where no one is left behind. Under this concept, the policies of the Tokyo Metropolitan Government revolve around realizing a Tokyo that cares for people, is full of diversity and inclusiveness, and is where people shine.

The Tokyo Metropolitan Government is also promoting various initiatives from the perspective of sustainable recovery to overcome the COVID-19 pandemic and other major crises and become a resilient and sustainable city. In the financial sector, the metropolitan government is making proactive efforts to help solve social issues through sustainable finance, such as establishing the Tokyo ESG Fund, implementing the Tokyo Financial Award and issuing Tokyo Green Bonds.

In this process of realizing a Tokyo where people shine and a sustainable recovery, the Tokyo Metropolitan Government will issue Tokyo Social Bonds to help Tokyo residents and businesses in need of social support, and further promote ESG investment in Japan as well.

Tokyo Social Bonds are compliant with the International Capital Market Association's Social Bond Principles.

2. About the Tokyo Social Bonds Framework

The Tokyo Metropolitan Government states that its Tokyo Social Bonds Framework for issuing Tokyo Social Bonds complies with the International Capital Market Association’s Social Bond Principles as detailed in the four sections below: (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting.

(1) Use of Proceeds

Proceeds from the issuance of the Tokyo Social Bonds will be allocated to projects that meet the following three criteria.

- ① The project must be for individuals in need of social support.¹
- ② Clear social benefits (generating a new benefit or maintaining an existing benefit) can be expected from the project and such benefits can be assessed quantitatively.
- ③ Financial resources for the project can include municipal bonds in accordance with the provisions of Article 5 of the Local Government Finance Act and other applicable laws and regulations.

The following is an example of how concrete projects that fulfill these three criteria are listed by project category, the social issue the project addresses, and the indicator used to measure its impacts.

No.	Project category	Project	Social issue addressed	Measurement of effectiveness
1	Disaster countermeasures for facilities and infrastructure	Removal of utility poles	Strengthening urban disaster management functions Securing safe and enjoyable walking spaces Creating a scenic city	Length completed
2		Development of facilities for parks designated as emergency evacuation sites	Securing sites for evacuation, and rescue and relief activities in the event of a disaster	Number of upgraded parks
3		Construction of waste disposal sites in the Port of Tokyo (Shinkaimen Landfill Site, Outer Central Breakwater Reclamation Area)	Constructing waste landfill sites that are difficult to secure in the crowded area of inland Tokyo	Area of constructed landfill sites
4		Subsidize costs for safety measures (earthquake resistance of private schools)	Securing the safety of the students in the event of a disaster	Number of completed buildings

¹ The Social Bonds Principles raise as examples of people targeted by the social projects, those with disabilities, the undereducated, unemployed, and other vulnerable groups, including victims of natural disasters.

5		Earthquake resistance of Tokyo metropolitan high schools	Securing the safety of the students in the event of a disaster	Number of completed schools
6		Installation and reinforcement of emergency backup power generation systems in water supply and other facilities	Securing stable water supply in emergency such as a large-scale power failure	Percentage of water supply that can be secured at the time of a large-scale power failure
7		Earthquake response in sewage operations	Securing sewer functions and transportation functions such as disaster response routes in the event of a major earthquake directly striking Tokyo	Number of facilities that have upgraded their sewer pipes for earthquake resistance Number of facilities that have completed the earthquake resistance of all their sewer systems to secure sewer functions in the event of an earthquake
8		Installation of platform doors at stations	Securing the safety and security of station users, including persons with disabilities and the elderly	Number of stations with platform doors installed
9		Upgrade to elevators equipped with restart functions	Securing the safety and security of users (reducing the risk of being trapped in elevators in the event of an earthquake, etc.)	Number of elevator units installed
10	Measures for aging public facilities and infrastructure	Life extension of bridges	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Cumulative number of life-extension projects begun
11		Life extension of port facilities	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Cumulative number of life-extension projects begun
12		Port renovation	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of ports upgraded
13		Fishing port renovation	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of fishing ports upgraded
14		Airport redevelopment	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of airports upgraded
15		Renovation of Tokyo metropolitan libraries	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of facility users
16		Renovation of cultural facility (renovation of the Edo-Tokyo Museum)	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of facility users

17		Upgrade of police facilities	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of upgraded facilities
18		Upgrade of fire stations	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Number of upgraded facilities
19		New establishment, expansion and renewal of water supply stations	Securing a stable water supply by resolving uneven distribution of service reservoir capacity of water supply stations	Stable water supply securement rate Number of water supply station construction works
20		Reconstruction of facilities in water reclamation centers and pumping stations	Securing stable sewage services by reconstructing aging facilities	Number of main equipment renewed
21	Promotion of industry and employment continuity and generation	Renovation of employment and job placement promotion facilities, etc. (renovating facilities such as Tokyo Shigoto Center)	Providing employment and job placement support to Tokyo residents	Number of facility users
22	Building an educational environment to fully draw out the individuality and potentials of each student	Construction and renovation of Tokyo metropolitan schools	Achieving education that leaves no one behind and allows all children to hold hopes for the future and to take the initiative to grow	School capacity
23		Construction and renovation of schools for special needs education	Supporting proactive efforts toward the independence and social participation of young children, students with disabilities	School capacity
24	Infrastructure development for long-term care services	Provision of subsidies to develop geriatric health services facilities	Helping senior citizens requiring long-term care to resume life at home	Number of facilities subsidized
25		Provision of subsidies to develop special nursing homes for the elderly	Providing services such as personal care and rehabilitation care to senior citizens who have difficulty living at home	Number of facilities subsidized
26	Development of child welfare facilities, etc.	Construction and renovation of facilities for individuals (children) with intellectual disabilities	Supporting severe and medical care dependent intellectually disabled children with challenging behavior	Facility capacity
27	Strengthening the housing safety net	Construction of public housing	Reconstructing aging public housing for low income residents who are unable to secure adequate housing on their own	Number of reconstructed units

28	Universal design for accessible public facilities	Make sidewalks barrier-free	Securing walking spaces everyone can use safely, securely and comfortably	Length completed
29		Increase barrier-free routes	Building an environment where everyone can move about safely and comfortably	Number of elevators installed
30	Enhance the healthcare provision system	Loans to the Tokyo Metropolitan Hospital Organization	Providing high quality healthcare, such as provision of government-led healthcare services and enhancement of local healthcare, amid the aging population and changing healthcare environment	Number of outpatients and inpatients

(2) Process for Project Evaluation and Selection

Projects to be allocated with proceeds from Tokyo Social Bonds issued in that fiscal year shall be selected prior to the issuance of those bonds from among the projects that meet the three criteria listed in “(1) Use of proceeds,” after coordination between the Tokyo Metropolitan Government’s Bureau of Finance and the bureau in charge of the project. If any of those projects is found to be a direct cause of significant negative impacts on the environment or society, it will be excluded from the selection.

Also, if stipulated in the Local Government Finance Act and other laws, a local government can issue municipal bonds as provided in the budget.² The budget must be approved by the metropolitan assembly before the start of a fiscal year.³ Not only are such procedures necessary to issue Tokyo Metropolitan Government bonds including Tokyo Social Bonds, but the feasibility of the projects and the sustainability of their outcomes are also verified during the process of budgeting. This also ensures good governance in the process of project evaluation and selection.

(3) Management of Proceeds

Local governments must be able to correlate expenditures in each fiscal year to their annual revenue.⁴ Therefore, in principle, Tokyo Social Bonds funds are allocated to target projects within the fiscal year. Information on the planned allocated projects and the amount they will be allocated shall be determined after confirmation of their implementation status, etc. by the Bureau of Finance with the bureau responsible for the project, and will be disclosed before the issuance of the bonds using Appendix Form 1.

² Local Autonomy Act, Article 230

³ Local Autonomy Act, Article 211

⁴ Local Autonomy Act, Article 208

After Tokyo Social Bonds are issued, the allocation of Tokyo Social Bonds funds will be clarified by classifying the funds into accounting categories based on the Tokyo Metropolitan Government’s budget rules.

At the end of each fiscal year, for all revenue and expenditures related to projects funded by Tokyo Social Bonds, the results of execution and settlement-related documents will be created and submitted to the Tokyo Metropolitan Audit and Inspection Commissioners for inspection. The documents will be submitted together with the comments of the commissioners to the Tokyo Metropolitan Assembly for certification.

(4) Reporting

In the issuance of Tokyo Social Bonds, in principle, information concerning the use of the proceeds are disclosed on the Tokyo Metropolitan Government’s website as follows.

No.	Content	Timing
1	Tokyo Social Bonds Framework	At all times
2	Decision on target projects (Appendix: Form 1) <ul style="list-style-type: none"> • Project category • Project • Expected impact • Amount to be allocated (millions of yen) 	Before issuance
3	Outcomes of projects to which proceeds were allocated (Appendix: Form 2) <ul style="list-style-type: none"> • Project category • Project • Impact • Amount allocated (millions of yen) 	Fiscal year following issuance
4	Details of any significant events such as a change in the allocated project	Upon occurrence of an event

(Draft)

Appendix Form 1
(Date)
Bureau of Finance

Announcement of Decision on Target Projects
for the Tokyo Social Bonds

The Tokyo Metropolitan Government announces its decision regarding projects to be allocated proceeds from the Tokyo Social Bonds to be issued in FY20XX.

No.	Project category	Project	Expected impact	Amount to be allocated (millions of yen)
1				
2				
3				
4				
5				
Total				

(Draft)

Appendix Form 2

(Date)

Bureau of Finance

Announcement of Results of Allocating Funds to Projects Eligible for Proceeds
from the Tokyo Social Bonds

The Tokyo Metropolitan Government announces the results of allocating proceeds from Tokyo Social Bonds issued in FY 20XX.

No.	Project category	Project	Impact	Allocated amount (millions of yen)
1				
2				
3				
4				
5				
Total				