



Tokyo

Social Bond Impact Report

January 2023



編集・発行 | Bond Section, Budget Division, Bureau of Finance Tokyo Metropolitan Government
TEL : 03-5388-2681
Email : S0000063@section.metro.tokyo.jp

TMG <https://www.metro.tokyo.lg.jp/english/index.html>

Bonds <https://www.zaimu.metro.tokyo.lg.jp/bond/en/en.html>

Twitter (@tocho_zaimu)

Note (<https://note.com/gcft>)

- This report is intended to provide general information on Tokyo Social Bonds and not to distribute or offer for subscription any specific bonds.
- Although this report is based on a set of data deemed reliable, we do not guarantee its accuracy or integrity. The future prospects and forecasts contained in this report fall within reasonable range in the view of the TMG; we are not in a position to guarantee their realization.
- The TMG may have published, or may publish going forward, other reports that contradict what is said in this report. The readers are advised to use this report under their own responsibility.



ocial Bond



- The Future Tokyo Social Bonds aim to realize 2
- Targets and Actions of TMG 3
- Principal Use of Proceeds from Tokyo Social Bonds 4
- Overview and Framework of
The Tokyo Social Bonds Series 1 and 2 5
- Projects Financing and Impact of
The Tokyo Social Bonds Series 1 and 2 7
- Issuance Result of TMG's ESG Bonds (Appendix) 13
- Process from Project Selection to Reporting (Appendix) 14
- Financial Standing of TMG (Appendix) 15
- Safety and Liquidity of TMG Bonds (Appendix) 16

The Sustainable Development Goals (SDGs) were unanimously adopted at the UN Summit in 2015. In order to realize a world that leaves no one behind, expectations are held on not only national, but local government initiatives in the fields of economy, society, and the environment.

Following the same path as the SDGs, the Tokyo Metropolitan Government has formulated FutureTokyo: Tokyo's Long-Term Strategy, and is now rolling out initiatives to realize a Tokyo full of diversity and inclusion where people shine.

The power of finance can help find solutions to social problems. In order to significantly accelerate actions for the SDGs, in 2021, the Tokyo Metropolitan Government became the first local government in Japan to issue social bonds. With the backing of investment, we strived to stimulate the ESG market while also promoting policies for those in need of social support.

Meanwhile, amid the rapid global expansion of sustainable finance, concerns over ESG washing are also rising in the market. The quality of sustainability strategy as a whole is in question, and there is a growing trend for securing more transparency, such as confirming the situation of funds procured after bond issuance and better reporting.

The Tokyo Metropolitan Government has prepared the Tokyo Social Bond Impact Report to show in an easy-to-understand manner the situation and social impacts of projects that were allocated funds raised through bond issuance, and also provide a total picture of the goals and individual projects.

Along with continuing to take concrete actions to find solutions to social problems, we will also engage in developing the ESG market through the issuance of social bonds.

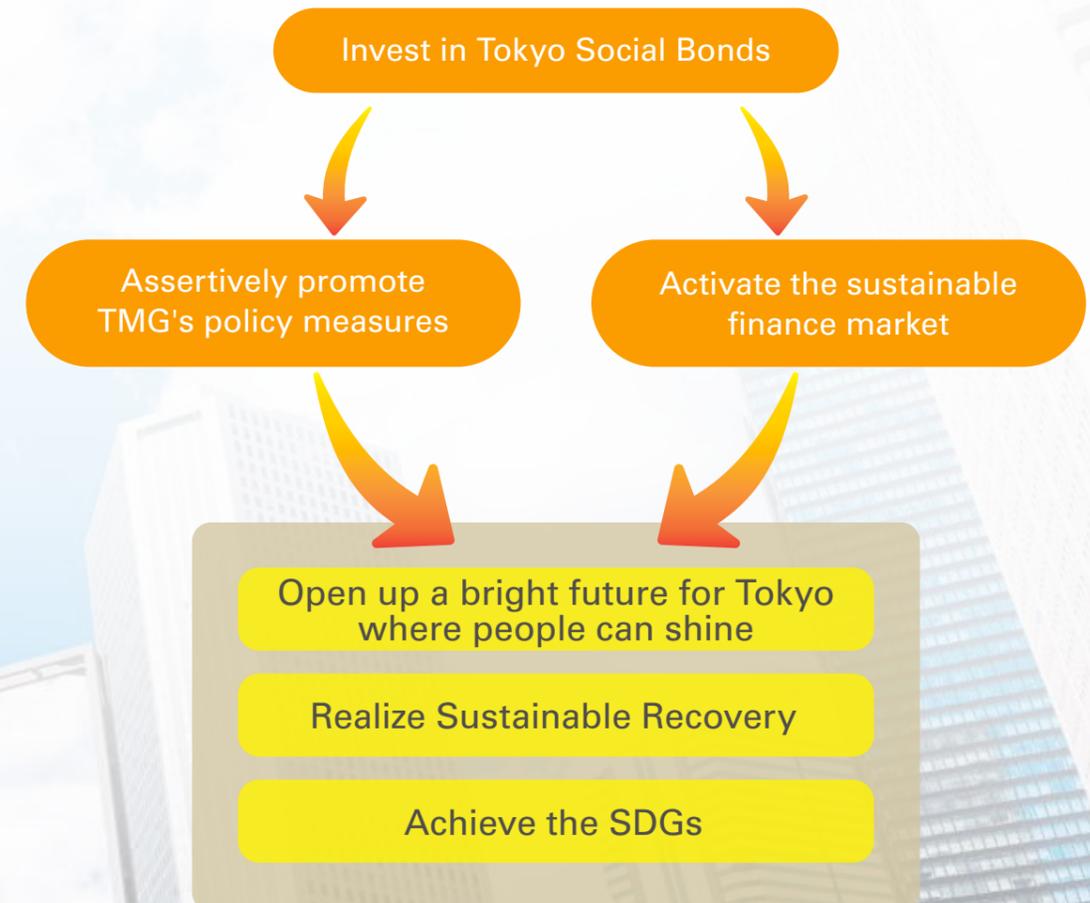
I hope this report will serve to deepen your understanding of Tokyo's social bonds.



KOIKE Yuriko
Governor of Tokyo

The Future Tokyo Social Bonds aim to realize

- 1 **Assertively promote TMG's policy measures** through the additional support derived from Tokyo enterprises' **investment in Tokyo Social Bonds**.
- 2 **Activate the sustainable finance market** by accelerating the trend of utilizing market funds for solving social issues in Japan.
- 3 **Open up a bright future for Tokyo where people can shine** through these efforts and **contribute to achieving the SDGs**.



Targets and Actions of TMG

Actions taken by TMG

September 2015

Adoption of the SDGs



The SDGs – Global Goals to be achieved by 2030 – were adopted at a UN summit meeting in September 2015.

Composed of 17 goals to usher in a sustainable world, the SDGs represent common goals to be achieved by all countries, including the developed, as well as developing countries.

from December 2019 COVID-19 pandemic



Following the first case reported in December 2019, COVID-19 spread rapidly across the globe. The world was reminded of the crucial importance of the SDGs as the COVID-19 pandemic disproportionately affected the vulnerable.



March 2021

Formulated of "Future Tokyo"

Against this backdrop, the TMG formulated "Future Tokyo: Tokyo's Long-Term Strategy" in March 2021, providing a vision for Tokyo in the 2040s, and presenting strategies for 2030 and projects for strategy implementation

Centered on "people," the key driver of Tokyo's development, the Strategy's direction is aligned with the vision of the SDGs to create an inclusive society that leaves no one behind.



Promoting sustainable recovery to realize a resilient city that will remain prosperous 50 and 100 years from now

Bright future of Tokyo where people can shine

Principal Use of Proceeds from Tokyo Social Bonds



Overview and Framework of The Tokyo Social Bonds Series 1 and 2

The table below overview of The Tokyo Social Bonds Series 1 and 2 in FY2021.

For Institutional Investors

Series name	Tokyo Metropolitan Government Publish Bond (Tokyo Social Bond (5 yr)) #1	Tokyo Metropolitan Government Publish Bond (Tokyo Social Bond (5 yr)) #2
Tenor	5yr	5yr
Issue Amount	JPY 30bn	JPY 30bn
Use of proceeds	Projects for individuals in need of social support (see 7p-12p for details)	
Coupon	0.005%	0.100%
Spread	-	JGB + 5.0bp
Issue price	100.00	100.00
Pricing date/ Settlement date	Friday, June 25, 2021/ Tuesday, July 6, 2021	Friday, February 18, 2022/ Wednesday, March 2, 2022
Redemption date	Friday, June 19, 2026	Friday, December 18, 2026
Ratings	A+ (S&P Global Rating Japan Inc.)	
External ReView	Rating and Investment Information, Inc.	
Final Demand Subscription rate	11.4 times oversubscribed	6.4 times oversubscribed
Declaration of Investment	From 43 Investors	From 38 Investors

Tokyo Social Bonds Framework

- In compliance with the International Capital Market Association's (ICMA) Social Bond Principles, the TMG developed in March 2021 the Tokyo Social Bonds Framework including sections for the use of proceeds, process for project evaluation and selection, management of proceeds and reporting. In December 2021, the Framework was revised mainly to modify the scope of projects to be financed in issuing the 2nd series of Tokyo Social Bonds.
- Prior to the 1st and 2nd series of public offering of Tokyo Social Bonds, we obtained in June 2021 and in January 2022, respectively, a second party opinion from Rating and Investment Information, Inc. that the Tokyo Social Bonds Framework complies with the Social Bond Principles.

Outline of the Tokyo Social Bonds Framework

1. Use of Proceeds	<ul style="list-style-type: none"> Proceeds from the issuance of the Tokyo Social Bonds will be allocated to projects that meet the following three criteria: <ol style="list-style-type: none"> The project targets individuals in need of social support; 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; The project may be financed by local bonds under Article 5 of the Local Government Finance Act and other applicable laws and regulations.
2. Process for Project Evaluation and Selection	<ul style="list-style-type: none"> Projects to be financed shall be selected after coordination between the TMG's Bureau of Finance and the bureau in charge of the project. Any project found to directly cause significant negative impacts on the environment or society shall be excluded from the selection.
3. Management of Proceeds	<ul style="list-style-type: none"> Management by identifying the use of the allocated funds through classification into accounting segments under TMG's budget rules. Funds to be allocated to projects selected for the fiscal year in principle. Documents required for financial statements to be prepared after the end of each fiscal year for approval by the Tokyo Metropolitan Assembly.
4. Reporting	<ul style="list-style-type: none"> Information on the amount of funds to be allocated to, and the expected environmental impact of each selected project to be posted on the TMG website before issuance, followed by disclosure of the actual amount allocated to and expected impact of each selected project by the end of the following fiscal year.

Second Party Opinion

- R&I**
- Compliance with the Social Bond Principles
 - All financed projects were recognized as contributing positively to achieving the SDGs (see the table below).

	USE OF PROCEEDS	SUSTAINABLE DEVELOPMENT GOALS
1st	Education	1, 4, 5, 8, 9, 10
	Employment continuity and generation	3, 5, 8, 9, 10, 11, 17
2nd	Disaster countermeasures for facilities and infrastructure	4, 9, 11, 13
	Measures for aging public facilities and infrastructure	6, 9, 11, 13
	Promotion of industry and employment continuity and generation	5, 8, 9, 17
	Building an educational environment to fully draw out the individuality and potentials of each student	1, 4, 5, 8, 10
	Infrastructure development for long-term care services	1, 3
	Development of child welfare facilities, etc.	1, 4, 10, 16
	Strengthening the housing safety net	1, 11
	Universal design for accessible public facilities	9, 11

*The Tokyo Social Bonds Framework and second-party opinion are available on the TMG website at: https://www.zaimu.metro.tokyo.lg.jp/bond/en/ir_library/tosai_ir_sb.html



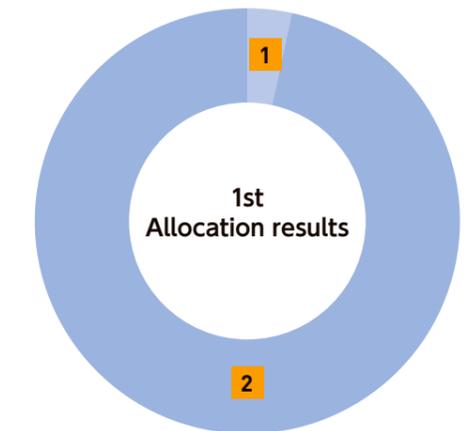
Projects Financing and Impact of The Tokyo Social Bonds Series 1 and 2

- The proceeds of Tokyo Social Bonds issued in FY2021 were allocated to 19 projects in total: 4 in the Series1 and 15 in the Series2.
- The Series1 proceeds were mainly allocated as Deposit for Institutional Loans to SMEs financing scheme in response to the COVID-19 pandemic.
- The Series2 proceeds were allocated to projects addressing a wider range of social issues, with the addition of new project categories including disaster countermeasures, measures for aging and housing safety net in an effort to promote further penetration of Tokyo Social Bonds in the market.

These projects, assessed and selected before the bond issue, were made public in March 2021 (Series1) and December 2021 (Series2) in line with the project assessment and selection process and the reporting method specified in the Tokyo Social Bond Framework.
 The total proceeds of 60 billion yen from The Tokyo Social Bonds Series 1 and 2 were managed in line with the management method specified in the Framework and allocated in their entirety to those projects by the end of FY2021.

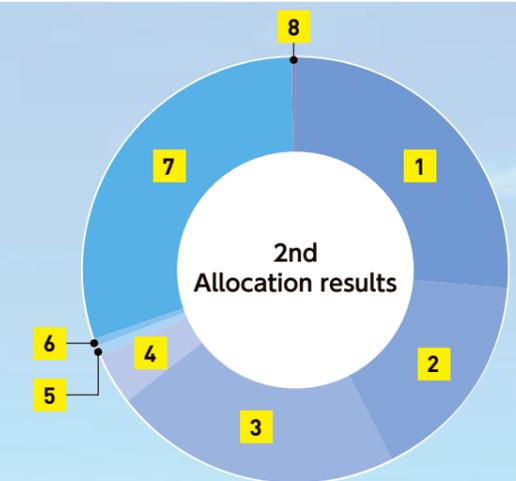
NO.	Project categories	Projects for allocation	Social issues addressed	Target Populations	Allocation results (millions of yen)	KPI	Impact	Related SDGs
Series 1	1 Education	Improvement of schools for special needs education	Support for initiatives targeting to enhance the independence and social participation of infants/children/students with disabilities	Infants/children/students with disabilities	500	School admission capacity	Classes for students requiring special health care needs : around 33 students (by the end of FY2023)	1, 4, 5, 8, 9, 10
		Improvement of Challenge schools	Provide educational opportunities for students with truancy experiences in elementary school/junior high school	Students who had been challenged in making the most out of their own abilities and aptitudes	500	School admission capacity	720 students in total 4 school grades. 180 students/grade (60 each in the morning, afternoon and night courses) (by the end of FY2024)	1, 4, 5, 8, 9, 10
	2 Maintaining and Creating Employment	Development of Employment Support Facilities	Support for citizens' employment	People in need of employment support	500	Number of facilities users	Number of facility users at Tokyo Work Center Tama Total of around 20,000 users (based on figures from 2019) *Opened (relocated) in October 2022	3, 5, 8, 9, 10, 11, 17
		Deposit for Institutional Loans to SME(Small and Medium Enterprises)	Business continuity and stable management for SMEs	SMEs and their employees in financial needs in order to maintain business stability	28,500	Total amount of the loans Number of loans	around 200 billion yen around 9,000 loans extended	3, 5, 8, 9, 10, 11, 17
					Total 30,000			

Breakdown of allocated amount



- 1 Education 3.3%
- 2 Employment 96.7%

NO.	Project categories	Projects for allocation	Social issues addressed	Target Populations	Allocation results (millions of yen)	KPI	Impact	Related SDGs
Series 2	1 Disaster countermeasures for facilities and infrastructure	Removal of utility poles	Strengthening urban disaster management functions Securing safe and enjoyable walking spaces Create a scenic city	People who could be affected by road blocks, disconnections, due to fallen electric poles at the time of natural disasters	7,410	Length completed	13.67km	4, 9, 11, 13
		Subsidize costs for safety measures (earthquake resistance of private schools)	Securing the safety of the students in the event of a disaster	Infants, children, students	50	Number of completed facilities	6 facilities	4, 9, 11, 13
		Installment of platform doors at stations	Securing the safety and security of station users	People using train stations, such as the physically challenged and the elderly	170	Number of platform door installation station	1 station	4, 9, 11, 13
		Installation of elevators with restart functions	Securing the safety and security of station users (reducing the risk of being trapped in elevators in the event of an earthquake, etc.)	Those who may be hit by natural disasters	160	Number of stations equipped, Number of units installed	2 stations, 4 elevators	4, 9, 11, 13
2 Measures for aging public facilities and infrastructure	Life extension of bridges	Maintaining and managing sustainable infrastructure Securing the safety and security of Tokyo's residents	Local residents and other people who use Tokyo municipal roads	3,400	Cumulative number of life-extension projects begun	180 bridges (cumulative) (by the end of FY 2030)	6, 9, 11, 13	
	New establishment, expansion and renewal of water supply stations	Resolving uneven distribution of water supply station distribution reservoir capacity and securing a stable supply of water	Local residents	1,479	Stable water supply securement rate Number of water supply station construction works	89% (by the end of FY2030) 3 new, 4 upgraded	6, 9, 11, 13	
3 Promotion of industry and employment continuity and generation	Renovation employment and job placement promotion facilities, etc.	Providing employment and job placement support to Tokyo's residents	People who need employment support	1,090	Number of facility users	Number of facility users at Tokyo Shigoto Center Total of around 210,000	5, 8, 9, 17	
	Development of industry exchange centers	Promoting industries in Tokyo	Companies and people seeking industrial exchange	5,480	Content of events held	Events held (exhibitions, scientific conferences, various business meetings) *Opened in October 2022	5, 8, 9, 17	
4 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	children, students	664	School capacity	200 students (by the end of FY 2024)	1, 4, 5, 8, 9, 10	
	Construction and renovation of schools for special needs education	Supporting proactive efforts toward the independence and social participation of young children, students with disabilities	Infants, children, students with handicaps	650	School capacity	School capacity classes for students requiring special health care needs: around 33 students Intellectual disability: around 865 students Physical disability: around 118 students (by the end of FY 2024)	1, 4, 5, 8, 9, 10	
5 Developing the foundation of nursing care services	Provision of subsidies to develop geriatric health services facilities	Promoting a return to home living for elderly persons needing nursing care	Elderly persons needing nursing care	217	Number of supporting facilities	7 facilities	1, 3	
6 Development of child welfare facilities, etc.	Developing child welfare facilities	Measures for students needing self-reliance support	Children needing self-reliance support	100	Number of users of facilities	120 children (by the end of FY 2028)	1, 4, 10, 16	
	Providing subsidies to develop foster care facilities	Providing a living environment or independent living support to children requiring protection	Children in need of foster care	100	Number of supporting facilities	6 facilities	1, 4, 10, 16	
7 Strengthening the housing safety net	Construction of public housing	Construction of public housing who are truly unable to maintain a minimum standard of living by themselves due to poverty	Low-income persons who are truly unable to find a place to live	9,000	Number of reconstructed houses	FY 2021 reconstructed units: 2,530 units	1, 11	
8 Promoting barrier-free and universal design in public facilities	Installation of elevators at transfer station serving two or more lines, etc., and introduction of multiple barrier-free paths	Developing an environment where anyone can comfortably move with peace of mind	People using train stations, such as the physically challenged and the elderly	30	Number of stations with platform doors	1 station	9, 11	
					Total 30,000			



- 1 Disaster countermeasures 26.0%
- 2 Measures for aging 16.3%
- 3 Industry and employment 21.9%
- 4 Educational environment 4.3%
- 5 Nursing care services 0.7%
- 6 Child welfare 0.7%
- 7 Housing safety net 30.0%
- 8 Accessible public facilities 0.1%

*Impact refers to the positive impact obtained, or expected to be obtained, by the implementation of the project as at the end of FY2021.



Kiyosumi Avenue (Higashi-Komagata, Sumida Ward)



Conceptual image of Tokyo Metropolitan Machida-no-Oka Gakuen (Machida)

Removal of Utility Poles

(Disaster countermeasures for infrastructure)

Rationale for the project

- The many utility poles in Tokyo* not only hinder the daily movement of **wheelchair / stroller users and older persons** but could also **block traffic if they collapse onto the street** in an earthquake or other disaster.
- For this reason, we are promoting the maintenance of the removal of utility poles by storing the electric wires that are stretched on the road underground.
- We are also proceeding with the removal of utility poles on the remote islands of Tokyo Metropolis to **prevent blackouts and communication failures in case of a natural disaster such as typhoon or earthquake.**

*Some 53,600 utility poles remain in Tokyo (tokyo metropolitan roads) (at end of FY2021).

Objective of the TMG (planned)

Target for removing utility poles in Tokyo Metropolis



Impact

Length of roads cleared of utility poles

13.67 km (of which Tokyo metropolitan roads account for 12.87km)

End FY2021 Length of pole-less Tokyo metropolitan roads about **1,043 km**

2040s All Tokyo metropolitan road cleared of utility poles*² **2,328 km**

Created in FY2021

- Loop Road No.7 (Aoi, Adachi Ward)
- Oi Route 17 (Shinagawa Ward), etc.

Contribution to SDGs



Improvement of schools for special needs education

(Improvement of educational environment)

Rationale for the project

- In the pursuit of a convivial society, we are promoting the construction and renovation of schools for special needs education to maximize the potential of young children, pupils and students with disabilities in support of their independence, thereby **developing human resources capable of participating in and contributing to society.**
- The TMG has constructed or renovated special schools for children with mental disorders and schools having multiple departments attached providing education for the disabled in order to **respond appropriately to the increasing number of enrolments in special schools for children with mental disorders and the overlapping of disabilities in pupils and students.**
- We are committed to developing special schools as **enrolment in those schools is expected to continue to rise, particularly pupils and students with mental disabilities*.**

* Total enrolment in special schools (all disabilities): FY2020: about 13,000 → FY2026: about 15,000

Impact

School capacity

Education for medically frail children

around **33** students

Education for mentally disabled children

around **865** students

Education for physically disabled children

around **118** students

Created in FY2021

- Koumei Gakuen School
- Yaguchi Special School
- Machida-no-Oka Gakuen School
- Akiruno Gakuen School, etc.

(To be completed by the end of FY2024)

Contribution to SDGs





Photo: Look and feel of a geriatric health services facilities



Tokyo Metropolitan Metro Ogawamachi Station

Provision of subsidies to develop geriatric health services facilities

(Infrastructure development for long-term care services)

Rationale for the project

- Infrastructure for long-term care services needs to be strengthened as population aging*1 inevitably leads to more elderly citizens requiring long-term care*2.
- We are promoting the development of geriatric health services facilities to **help those requiring long-term care to return home** as most of the elderly **prefer living at home or in another familiar place**.

*1 In 2040, 1 in 4 Tokyo residents (27.8%) will be aged 65 or over.
*2 Among Tokyo residents aged 65 or over, 1 in 7 requires long-term care.

Objective of the TMG (planned)

By FY2030, enhance the capacity of geriatric health services facilities in Tokyo to 30,000.

Impact

Number of subsidized facilities

7 facilities

Capacity at end FY2019 about 22,000

Capacity at end FY2030 30,000

Subsidized facilities in FY2021

- Social welfare corporations and healthcare corporations in Tokyo

Contribution to SDGs



Improvement of barrier-free routes at Tokyo Metropolitan Metro stations

(Universal design for accessible public facilities)

Rationale for the project

- All Tokyo metropolitan metro stations now have a barrier-free route from ground level to the platform through the ticket gate. As a follow-up measure, we are now **promoting the installation of an elevator for each route leading to a transfer station**.
- We are also working to improve convenience, particularly for the elderly and the disabled, by ameliorating barrier-free routes including **reducing travel distances for station users**.

Objective of the TMG (planned)

Timeline for improving barrier-free routes (installation of elevators)



Impact

Number of improved stations in FY2021

1 station

End FY2021 Completed at 9 stations

End FY2024 Completed at 15 stations

Created in FY2021

- Metropolitan Metro Ogawamachi Station

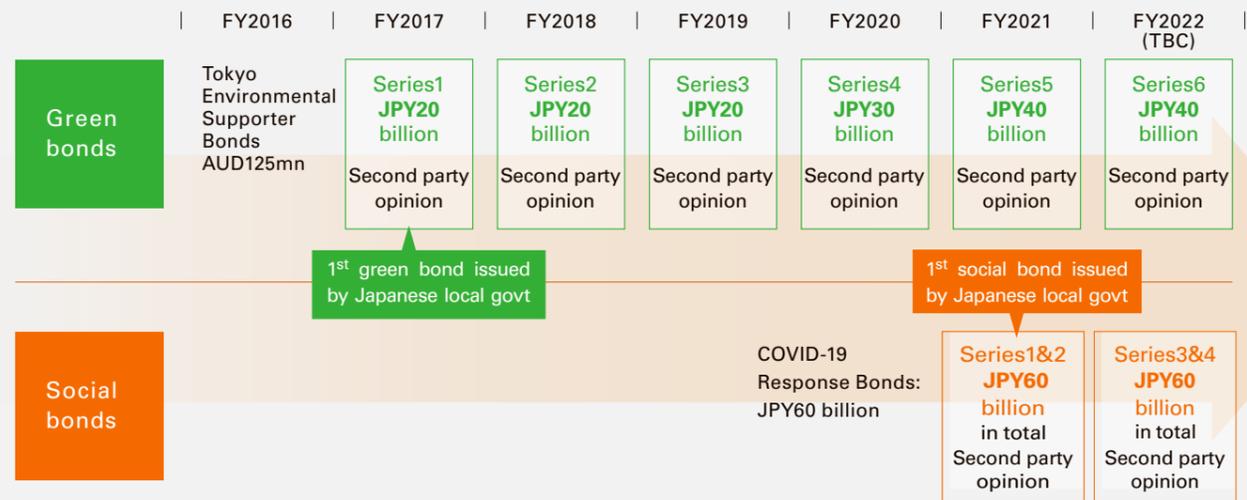
Contribution to SDGs



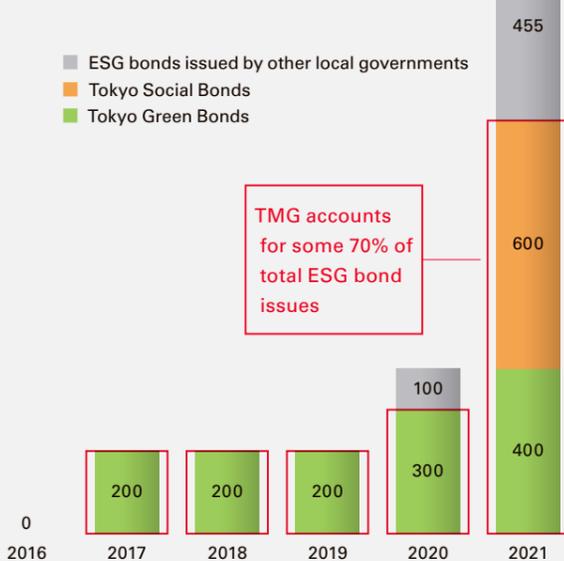
Issuance Result of TMG's ESG Bonds

(Appendix)

- To capture the momentum of the SDGs and ESG, TMG issued Tokyo Environmental Supporter Bonds in FY2016.
- With the issuance of Tokyo Green Bonds in FY2017, the TMG became the first local government in Japan to issue green bonds, thus contributing to the development of the domestic market since its inception.
- In response to the momentum toward sustainable recovery both in Japan and overseas, in FY2020 TMG issued bonds earmarked for action to cope with the COVID-19 pandemic. In FY2021, TMG launched Tokyo Social Bonds – the first of its kind for a Japanese local government – to assist Tokyo residents and businesses in need of social support.
- TMG has also scaled up the bond issuance since the initial offer of JPY20 billion. In FY2021, the total amount of Tokyo Green Bonds and Tokyo Social Bonds issued during a fiscal year has reached JPY100 billion, effectively contributing to the growth of the ESG bond market.



Share of TMG ESG bonds in the domestic ESG local bond market (Unit: 100 million yen)



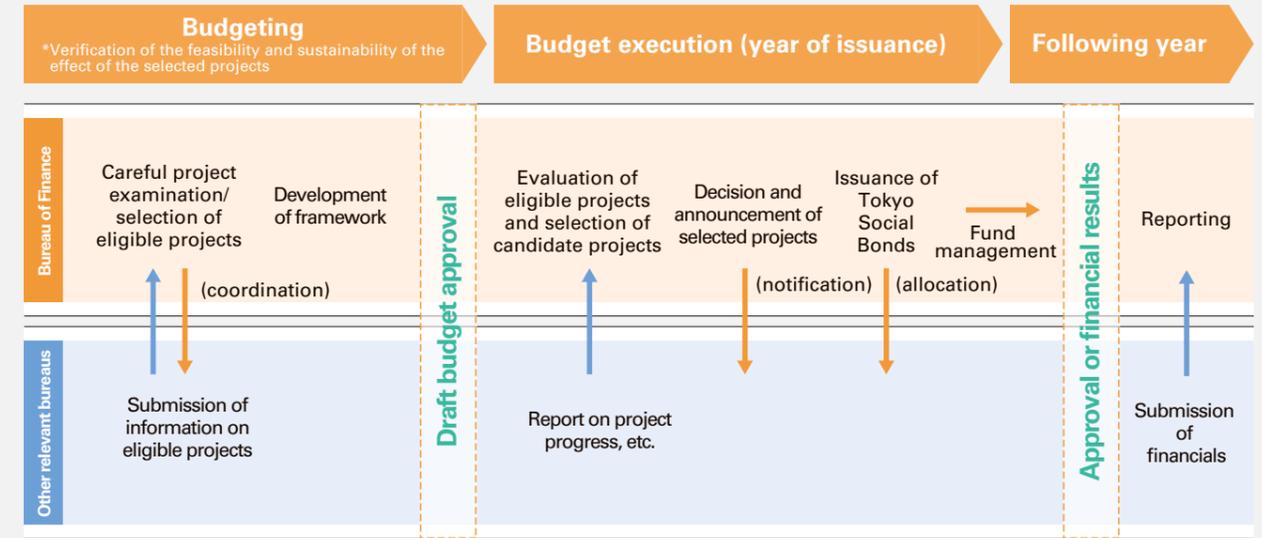
Awards won

- Research Institute for Environmental Finance, "3rd Sustainable Finance Awards" Special Prize**
 - Leading the way to green financing by local governments
 - Ensuring objectivity by conforming to GBP, a global standard
- Refinitiv Japan, K.K., "Dealwatch Awards 2020" Local Government Bond Best Issuer of the Year**
 - First local bond earmarked for action in response to the COVID-19 pandemic
 - Continued issuance of green bonds
 - Commitment to social contribution highly appreciated in the market
- Capital Eye, Limited, "Best Deals of 2021" Best Issuer of 2021 in the local bond category**
 - First local government in Japan to issue social bonds
 - Leading local governments in the issuance of SDG bonds, including green bonds, contributing to the diversification and expansion of the market



Process from Project Selection to Reporting

(Appendix)



<Budget planning phase>

- The Bureau of Finance selects eligible projects and the projects to be financed by the proceeds in consultation with the bureau responsible for each project and the department responsible for the environment.
- Where stipulated by the applicable law, such as the Local Government Finance Act, a local government may issue local bonds as specified in the budget, which needs to be adopted by the local assembly before the start of the fiscal year concerned. TMG bonds, including Tokyo Social Bonds, are issued in accordance with this procedure. The feasibility of the selected projects and the sustainability of their effects are also verified in the budgetary process.

<Budget execution phase>

- We manage the allocation of proceeds to selected projects following the issuance of Tokyo Social Bonds while clarifying the use of the allocated funds by classifying the revenue budget into accounting segments under the TMG budget rules.

<Fiscal year after issuance>

- Documents required for financial statements are prepared after the end of the fiscal year regarding the revenues and expenditures of the TMG, including those pertaining to the projects financed by the proceeds of Tokyo Social Bonds. These documents are reviewed by the Audit and Inspection commissioners, and then submitted to the Tokyo Metropolitan Assembly for approval, along with the commissioner's opinion.
- Regarding reporting, we publish the results of fund allocation by the end of the fiscal year following the issuance of Tokyo Social Bonds.
- Throughout this process, the TMG ensures the appropriateness and transparency of the evaluation and selection of financed projects as well as fund management.



*Compiled by TMG from data available on local government websites, etc.

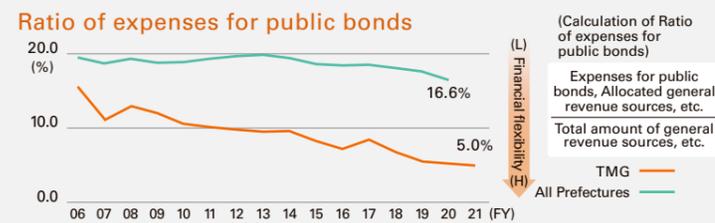
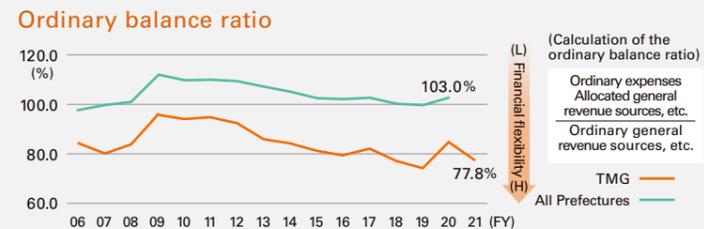
*Includes ESG bonds issued for private investors. (The amount of Tokyo Green Bonds issued for personal investors is an estimate converted to yen.)

*Excludes ESG bonds that have not obtained an external review pertaining to compliance with the ICMA Principles.

Financial Standing of TMG (Appendix)

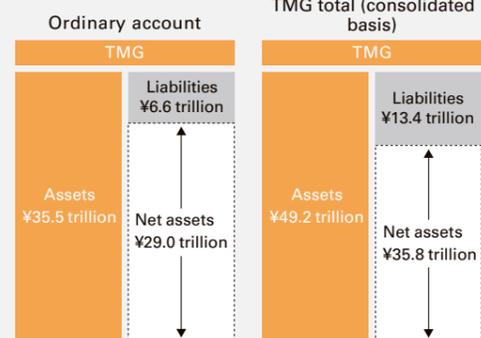
*Based on financial results of ordinary account for FY2021

- TMG's ordinary balance ratio and ratio of expenses for public bonds in FY2021 stood at 77.8% and 5.0%, respectively, highlighting greater financial flexibility than the prefectural average.
- Assets and liabilities on the balance sheet come to total ¥35,538.8 billion and ¥6,582.3 billion, respectively, resulting in a total net worth (difference between assets and liabilities) of ¥28,956.5 billion.
- The aggregate balance sheet of the TMG, including special accounts and public enterprise accounts and policy cooperation bodies, etc., as well as ordinary account, shows total assets of ¥49,184.0 billion, total liabilities of ¥13,375.1 billion, and a total net worth of ¥35,808.9 billion.

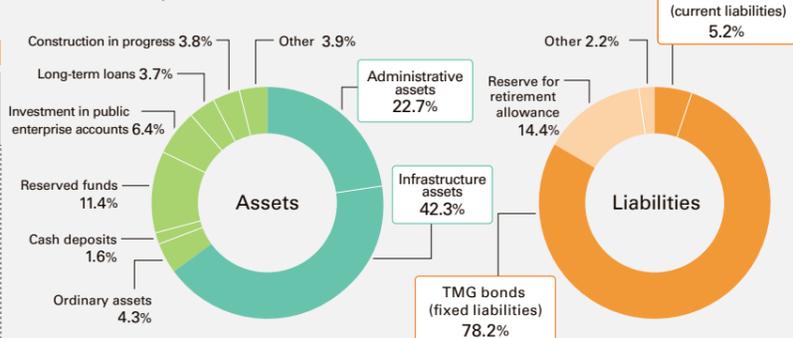


* "Ordinary account" refers to the accounts of each local government systematically restructured under the standards set by the Ministry of Internal Affairs and Communications to understand the financial status of local governments and analyze all local finance plans, among others.

Balance sheet



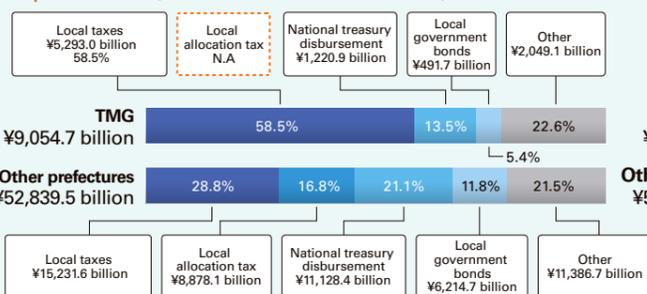
Composition of assets and liabilities



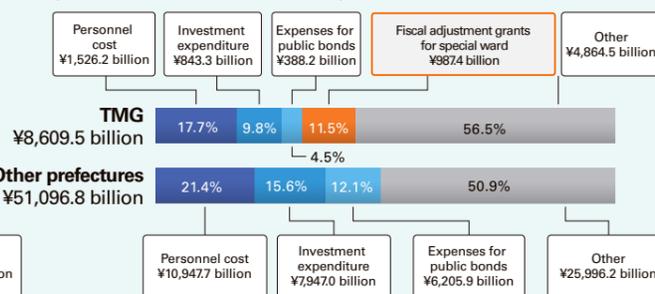
Characteristics of TMG finance

- As compared with the local finance plan, the revenue structure of TMG has the following characteristics: (1) high dependence on local taxes; (2) no local allocation tax granted from the national government; (3) low dependence on national treasury disbursement; and (4) low dependence on local government bonds. All these characteristics indicate considerably higher financial autonomy and flexibility than other local governments in general.
- As regards the structure of expenditure, one of the characteristics of the TMG is the disbursement of grants for financial adjustments under the Special Ward System. The low ratio of expenses for public bonds, mainly for redemption of local bonds, also indicates greater financial flexibility than other prefectures.

Comparison of revenue structure between TMG and other prefectures (financial results for FY2020)



Comparison of spending structure with other prefectures (financial results for FY2020)



For further information on the results of ordinary account in FY2021, please visit:
<https://www.zaimu.metro.tokyo.lg.jp/bond/en/about/about.html> (TMG Annual Financial Report, FY2021).

Safety and Liquidity of TMG Bonds (Appendix)

<Safety>

- The TMG is capable of financing the redemption of its bonds in a stable manner as it depends mostly on its own sources of revenue, such as local taxes, which it has power to impose.
- The BIS applies 0% risk weighting to local government bonds, including TMG bonds, because the national government guarantees necessary funding for the repayment of principal and interest, for example by setting the total amount of the local allocation tax at a level to ensure a balance between total expenditure, including public bond costs, on the one hand, and total revenue on the other.
- In recognition of its disciplined fiscal administration, the TMG enjoys from S&P Global Ratings Japan Inc. the A+ rating in the long-term issuer credit, and the aa+ rating in the stand-alone credit profile, net of any influence from the national government.

<Liquidity>

- TMG bonds account for some 8% of the publicly offered local government bonds by amount issued, and some 9% by amount outstanding.

BIS risk weighting

Japanese govt bonds	Govt-backed bonds	TMG bonds	FILP agency bonds	Bank debenture Finance bonds
0%	0%	0%	10%	20%

Rating of TMG bonds



Rating obtained from S&P Global Rating Japan Inc.

Publicly offered local government bond market (FY2021)



Amount of issue

Amount outstanding

*Excluding citizen participatory-type public market offering bond.

