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# POPULAR FINANCIAL REPORT 2021

“TOKYO METROPOLIS”



## Letter from the Governor of Tokyo



**Koike Yuriko**  
/Governor of Tokyo/

With the strong support of the citizens of Tokyo, I was recently re-elected to my second term as Governor of Tokyo. And, I am once again mindful of the heaviness of this responsibility.

For the past four years, I have advanced the “Grand Reform of Tokyo” with the backing of the people of Tokyo. During this time, I reduced the number of children on waitlists for child daycare by 70 percent and cut costs to secure 350 billion yen in new funds through program reviews. We also enacted a number of ordinances to allow the people of Tokyo to shine, including the Ordinance to Prevent Passive Smoking and the Ordinance Seeking Realization of the Principle of Respect for Human Rights Outlined in the Olympic Charter. And, now, as we find ourselves in the midst of rapidly changing socio-economic conditions, what needs to be done to forge a bright future?

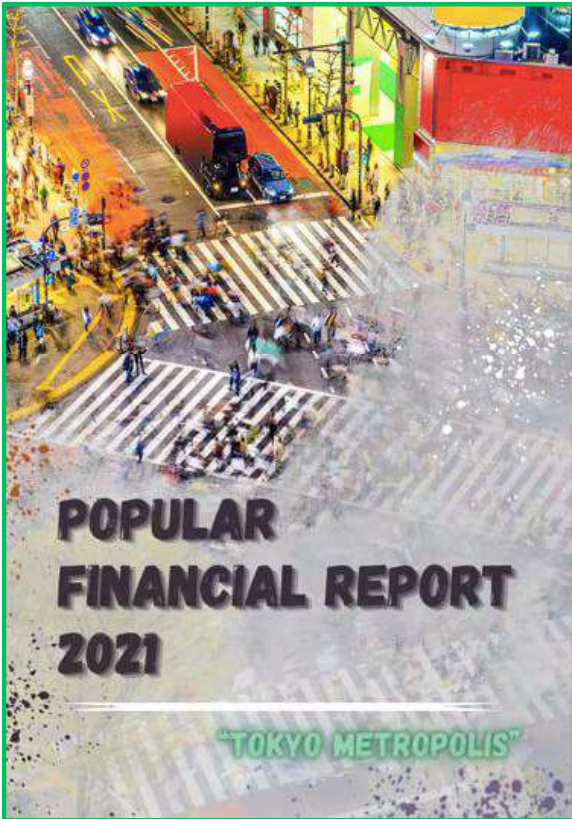
Taking such perspectives into consideration, I will introduce the “Grand Reform of Tokyo 2.0” to take metropolitan administration reform to the next level and continue pushing further ahead.

First, to protect the lives and health of the people of Tokyo, which take precedence over all other matters, I will speed up measures to combat the novel coronavirus. Centered on Tokyo's own version of the CDC (Centers for Disease Control and Prevention) that we will newly establish, we will build up systems for testing and healthcare provision and strengthen measures, including support for hospitals and healthcare workers.

The “Grand Reform of Tokyo 2.0” is based on three pillars: creating a “high earning” Tokyo that protects the lives of its people, realizing a Tokyo where the people shine, and carrying out administrative, fiscal, and structural reform from a Tokyo citizens first perspective. As we implement the “new normal” to prevent the spread of the novel coronavirus, we will utilize the power of digital technology to the maximum extent possible to guide Tokyo’s economy to “new growth.” We will build a city where everyone—children, women, senior citizens, and people with disabilities—can shine in their own way. To enhance metropolitan administration and services for the people of Tokyo, we will thoroughly implement reform. And, to obtain the understanding of Tokyo citizens regarding the Olympic and Paralympic Games, which are an inspiration to athletes and children, we will continue cutting costs and advancing the streamlining of events with the aim to deliver a Games that ensures safety and peace of mind.

Deciding Tokyo's future together. I hope you will join me in on the path to a “new Tokyo” that is full of hope.

Koike Yuriko  
Governor of Tokyo



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## History of Tokyo



Tokyo Station Square, 01/1964

The city of Tokyo was founded about 400 years ago. Originally named Edo, the city started to flourish after Tokugawa Ieyasu established the Tokugawa Shogunate here in 1603. Throughout this time, the Emperor resided in Kyoto, which was the formal capital of the nation. The Edo Period lasted for nearly 260 years until the Meiji Restoration in 1868. The Emperor moved to Edo, which was renamed Tokyo. Thus, Tokyo became the capital of Japan. In 1885 the cabinet system of government was adopted and the promulgation of the Constitution of the Empire of Japan in 1889 Japan established the political system of a modern state.

Tokyo was significantly impacted by the Pacific War, which started in 1941. The dual administrative system of Tokyo-fu (prefecture) and Tokyo-shi (city) was abolished for war-time efficiency, and the prefecture and city were merged to form the Metropolis of Tokyo in 1943. The metropolitan administrative system was thus established and a governor was appointed. The 1950s were a time of gradual recovery for the nation. Television broadcasting began in 1953, and Japan joined the United Nations in 1956. Economic recovery was aided in particular by the special procurement boom arising from the outbreak of the Korean War in 1950. This led to Japan's entry into a period of rapid economic growth in the 1960s. In 1964 the Olympic Games were held in Tokyo, the Shinkansen ("Bullet Train") line began operations, and the Metropolitan Expressway was opened. In the 1980s, Tokyo took large steps in economic growth as a result of its increasingly global economic activity and the emergence of the information society. Tokyo became one of the world's most active major cities, boasting attractions such as cutting-edge technology, information, culture, and fashion, as well as a high level of public safety. From 1986 onwards, land and stock prices spiraled upwards, a phenomenon known as the "bubble economy."

In September 2013, Tokyo won the bid to host the Olympic and Paralympic Games for the second time. Ever since the decision to host the Games, multifaceted initiatives, both tangible and intangible, were promoted, including infrastructure upgrades, measures for the environment, and the promotion of culture, in order to build a Games legacy that will contribute to the abundant lives of Tokyo's residents. The impact of COVID-19, which had been spreading around the world, however, resulted in the decision to postpone the Games by one year.

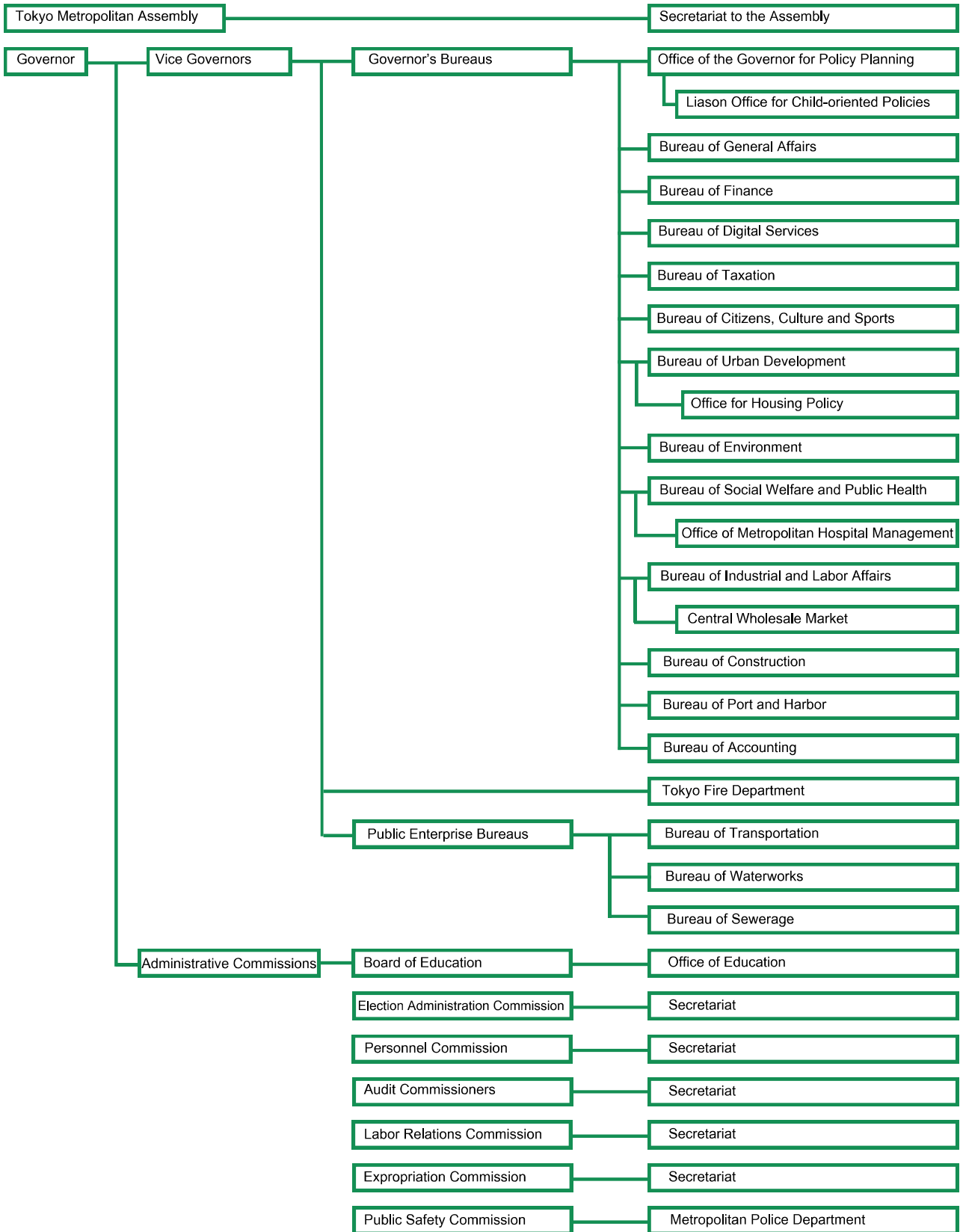
Tokyo 2020 was the most engaged Olympic Games ever, with over 3.05 billion viewers across linear TV and digital channels. The Games have helped Tokyo residents lead healthier lifestyles through new and improved sports facilities, more green spaces and easier transport options.



Rainbow Bridge, 02/2020



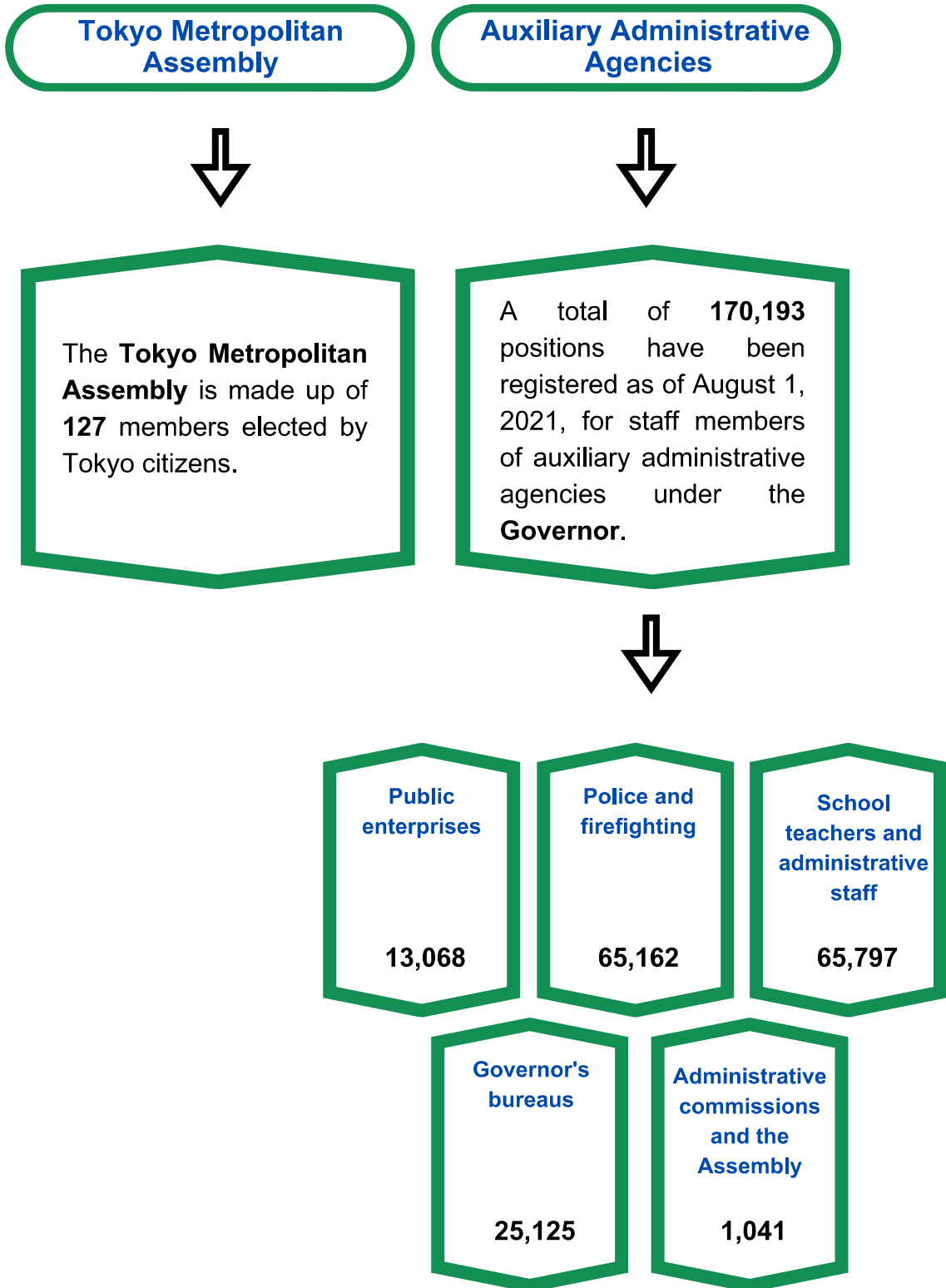
# Organizational structure of Tokyo Metropolitan



(Source: Tokyo Metropolitan Government > Government > The Structure of the Tokyo Metropolitan Government (TMG) > Organizational Structure of TMG)



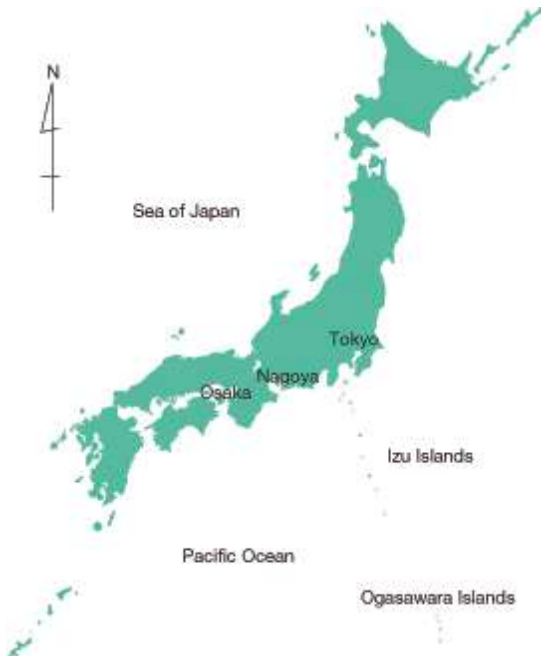
# Employees in the public administration



(Source: Tokyo Metropolitan Government > Government > The Structure of the Tokyo Metropolitan Government (TMG) > Organizational Structure of TMG)



## ● Map of Japan



Tokyo Metropolis is located in the southern Kanto region, positioned in approximately the center of the Japan.

The “central” area is divided into '23 special wards' and the 'Tama' area is made up of 26 cities, 3 towns (machi), and 1 village (mura). The Izu Islands and the Ogasawara Islands, two island groups in the Pacific Ocean, are also administratively part of Tokyo, despite being geographically separated from the metropolis. The islands have between them two towns and seven villages.

## ● Tokyo Metropolis and Surrounding Prefectures

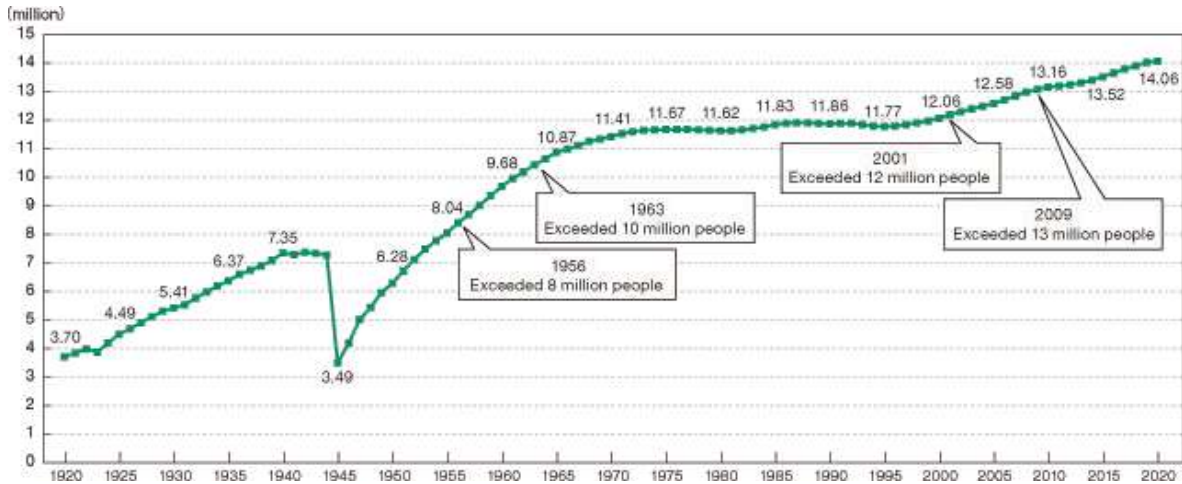


(Source: Tokyo Metropolitan Government > Government > Tokyo's history, geography, and population)



# Population

## Population trends over the span of 1920-2020



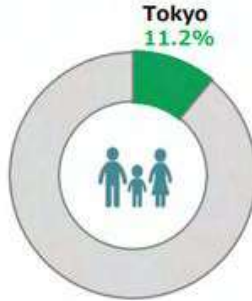
(Source: Statistics Division, Bureau of General Affairs, TMG; "Tokyo Statistical Yearbook," " (Estimated) Population of Tokyo Metropolis")

### Area Population

Tokyo: 2,194km<sup>2</sup>  
Japan: 377,974km<sup>2</sup>



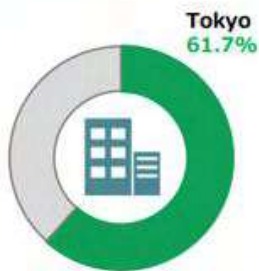
Tokyo: 14.0mn  
Japan: 125.3mn



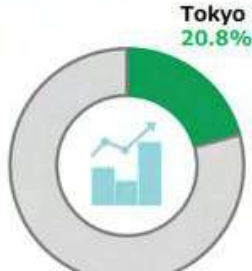
\*Area as of April 1st, 2022  
\*Population as of October 1st 2021

### Number of Companies GDP

Tokyo: 1,111 Companies  
Japan: 1,802 Companies



Tokyo: JPY 116tn  
Japan: JPY 557tn



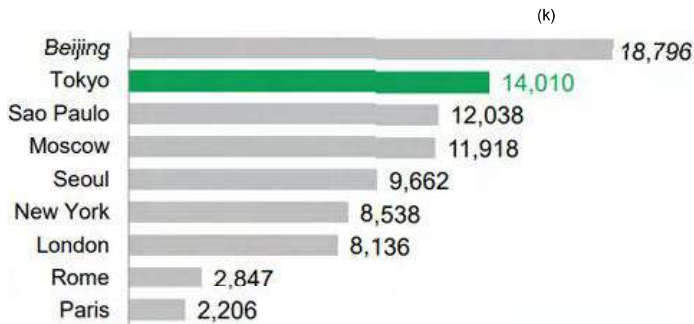
\*Number of companies as of Fiscal Year 2020  
\*GDP as of Fiscal Year 2019

(Source: Tokyo Metropolitan Government, Geospatial Information Authority of Japan, Ministry of Internal Affairs and Communications, National Tax Agency Japan, Cabinet Office)

# Population



## Population



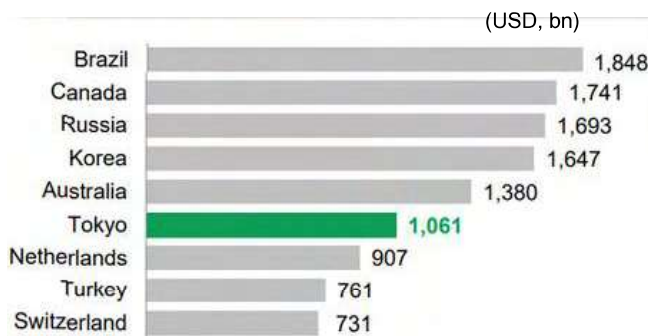
(\*Populations in Tokyo as of October 1st, 2021)

## Productive Age (15-64 yrs) Ratio

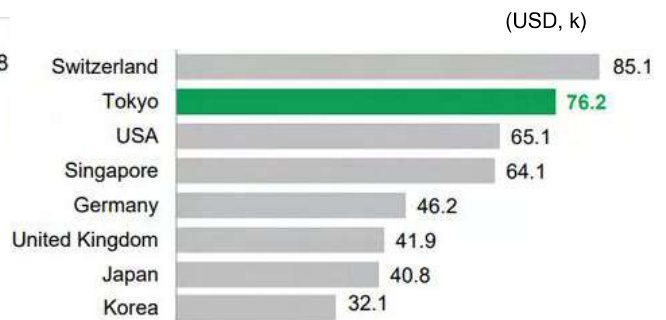
Rank	Country	Ratio (%)
1	Saudi Arabia	71.80
2	South Korea	71.67
3	Thailand	70.49
4	China	70.32
5	Luxembourg	70.13
	⋮	
19	Canada	66.12
20	Poland	66.04
	⋮	
51	Israel	59.77
52	Japan	59.52
53	Ethiopia	56.55

Tokyo(2021): 66.06

## Nominal GDP



## Nominal GDP (Per Capita)



(\*GDP as of 'Calendar year 2019' except for Tokyo; Tokyo refers to 'Fiscal year 2019')

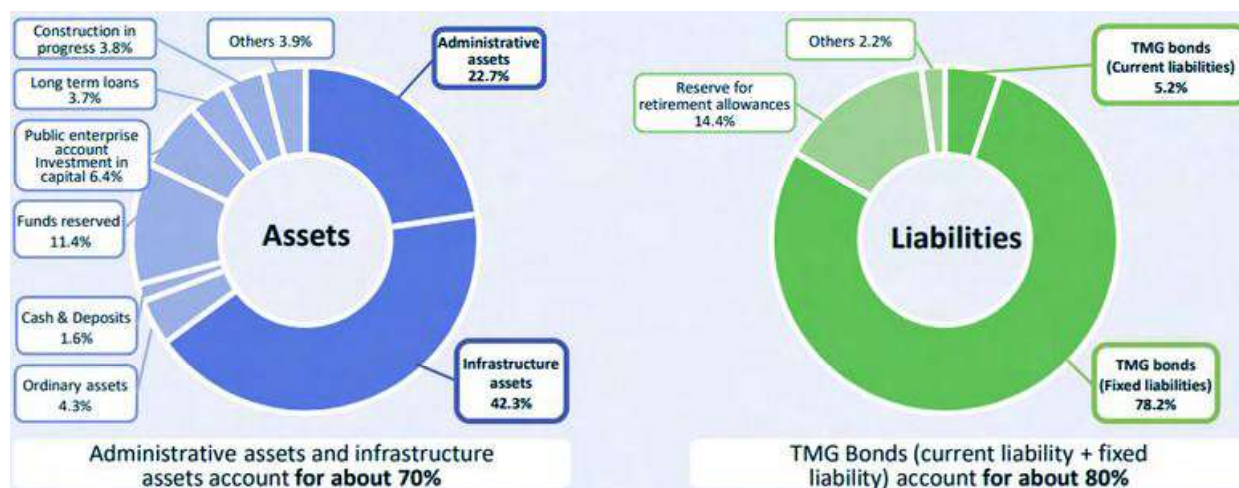
(\*Applied FX rate: USDJPY=109.010 (as of 2019))

(Source: Tokyo Metropolitan Government, Statistics Bureau of Japan)



## Balance sheet

- In the Fiscal Year 2021 Financial Results, while assets increased, liabilities decreased, with assets and liabilities totals coming to 35,538.8 billion yen and 6,582.3 billion yen respectively. Consequently, total net assets also increased to 28,956.5 billion yen.
- Administrative assets such as TMG (Tokyo Metropolitan Government) office buildings and TMG schools, and infrastructure assets such as roads, bridges, and ports/harbors, account for about 70% of the 35,538.8 billion yen asset total. In addition, funds reserved, which accounts for about 10% of assets, serve a significant role as preparations for future financial demands.
- TMG bonds account for about 80% of the 6,582.3 billion yen liabilities total.
- Total net assets came to 28,956.5 billion yen. This indicates the difference between the total amount of assets and the total amount of liabilities.



(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)

## The main changes from the previous year

- In assets, while funds reserved (fixed assets) **decreased** by 274.5 billion yen, mainly due to the utilization of funds to cover expenses for the Tokyo 2020 Games, funds reserved (current assets) increased by 202.7 billion yen, mainly due to curbs on withdrawals through careful examination of annual expenses and the depositing mandatory reserves to fiscal adjustment funds, and cash and deposits increased by 105.0 billion yen, resulting in an increase in total assets of 102.7 billion yen.
- In liabilities, TMG bonds decreased by 88.1 billion yen, mainly due to efforts to curb TMG bonds issuance in consideration of burden on future generations, and total liabilities decreased by 95.8 billion yen.
- Net assets increased by 198.6 billion yen.

# Balance Sheet

(in billion yen, %)

Item	FY2021	FY2020	Change	Change in percentage
<b>Assets</b>				
<b>I Current assets</b>	1,797.9	1,527.6	270.3	17.7
Cash & deposits	573.0	467.9	105.0	22.4
Uncollected revenues	72.3	111.9	(39.6)	(35.4)
Reserve for deficits due to non-payment ①	(4.4)	(11.8)	7.4	(62.7)
Funds reserved ②	1,025.3	822.5	202.7	24.6
Others	131.7	136.9	(5.2)	(3.8)
<b>II Fixed assets</b>	33,740.8	33,908.4	(167.5)	(0.5)
Administrative assets	8,079.5	8,084.1	(4.5)	(0.1)
Ordinary assets	1,512.7	1,523.9	(11.2)	(0.7)
Infrastructure assets ③	15,024.5	14,972.0	52.5	0.4
Funds reserved ②	3,022.6	3,297.1	(274.5)	(8.3)
Others	6,101.4	6,031.1	70.2	1.2
<b>Total assets</b>	<b>35,538.8</b>	<b>35,436.0</b>	<b>102.7</b>	<b>0.3</b>
<b>Liabilities</b>				
<b>I Current liabilities</b>	458.7	456.7	2.0	0.4
TMG bonds ④	342.7	337.9	4.8	1.4
Reserve for bonus	111.8	113.4	(1.6)	(1.4)
Other	4.1	5.3	(1.1)	(20.8)
<b>II Fixed liabilities</b>	6,123.5	6,221.5	(97.9)	(1.6)
TMG bonds ④	5,149.2	5,242.1	(92.9)	(1.8)
Reserve for retirement allowances	947.2	952.1	(4.9)	(0.5)
Others	27.1	27.1	(0)	(0.0)
<b>Total liabilities</b>	<b>6,582.3</b>	<b>6,678.2</b>	<b>(95.8)</b>	<b>(1.4)</b>
<b>Total net assets ⑤</b>	<b>28,956.5</b>	<b>28,757.8</b>	<b>198.6</b>	<b>0.7</b>
<b>Total liabilities and net assets</b>	<b>35,538.8</b>	<b>35,436.0</b>	<b>102.7</b>	<b>0.3</b>

(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)

**1. Reserve for deficits due to non-payment-** As some uncollected revenues (**negative financial aspect**) such as fees, etc. may become deficit due to non-payment in the future, the projected uncollectable amount is recorded under reserve.

**2. Funds reserved-** Cash, etc. in preparation for financial resource adjustments between fiscal years and future financial needs is recorded as funds reserved.

**3. Infrastructure assets-** Records amounts related to roads and bridges, etc.

**4. TMG Bonds-** As TMG bonds must be paid in the future, they are recorded as liabilities.

**5. The net assets** section shows the difference between the total amount of assets and the total amount of liabilities in the balance sheet.



# Ordinary Balance

(in billion yen, %)

Item	FY2021	FY2020	Change	Change in %
Ordinary Balance				
I Administrative balance				
Administrative revenues	8,751.1	6,892.7	1,858.4	27.0
Local taxes	5,834.5	5,340.3	494.1	9.3
National treasury disbursements	2,450.1	1,168.4	1,281.6	109.7
Fees and charges	142.6	142.4	0.2	0.1
Others	323.8	241.5	82.3	34.1
Administrative expenses	8,592.5	6,922.2	1,670.3	24.1
Tax-related expenses	1,549.5	1,389.3	160.2	11.5
Payroll-related expenses	1,373.6	1,360.6	12.9	0.9
Subsidizing expenses	3,682.0	2,338.5	1,343.5	57.5
Investment expenses	423.5	440.3	(16.7)	(3.8)
Depreciation expenses ①	218.9	209.5	9.4	4.5
Transfer to reserve for deficit due to non-payment	0.5	8.0	(7.4)	(92.5)
Transfer to reserve for bonus	111.8	113.4	(1.6)	(1.4)
Transfer to reserve for retirement allowances ②	87.6	90.7	(3.0)	(3.3)
Others	1,144.6	971.4	173.1	17.8
II Financial balance				
Financial revenues	10.5	13.8	(3.2)	(23.2)
Financial expenses	49.1	53.8	(4.6)	(8.6)
Expenses for public bonds (interest) ③	46.8	51.0	(4.2)	(8.2)
Others	2.2	2.7	(0.4)	(14.8)
Ordinary balance	120.0	(695)	189.5	-
Special balance				
Special revenues	17.2	1024	(85.2)	(83.2)
Special expenses	32.1	300	2.0	6.7
Balance for the current period ④	1,050	28	1,022	-

## 1. Depreciation

**expenses** - The amount of decrease in value of depreciable assets not recognized under government accounting, is recorded under expenses.

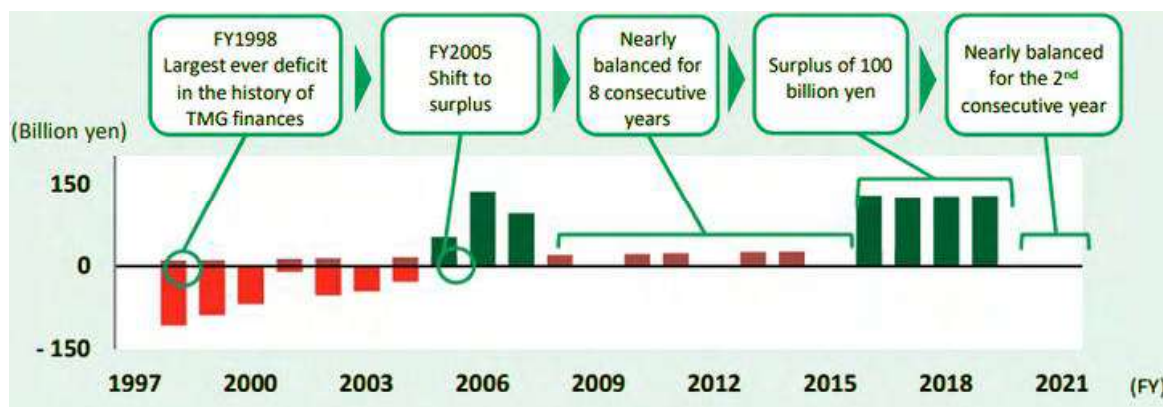
## 2. Transferred to reserve for retirement allowances

- The amount of increase of future retirement allowances, not recognized under government accounting, is recognized as costs attributable to this fiscal year, and recorded under expenses.

3. **Expenses for public bonds (Interest)**- Interest paid on TMG bonds is recorded under financial balance.

4. **This is the sum total of ordinary balance and special balance**- The balance for the current period can also be utilized in preparation for future financial needs, such as fund reserves, etc.

## Changes in actual balance

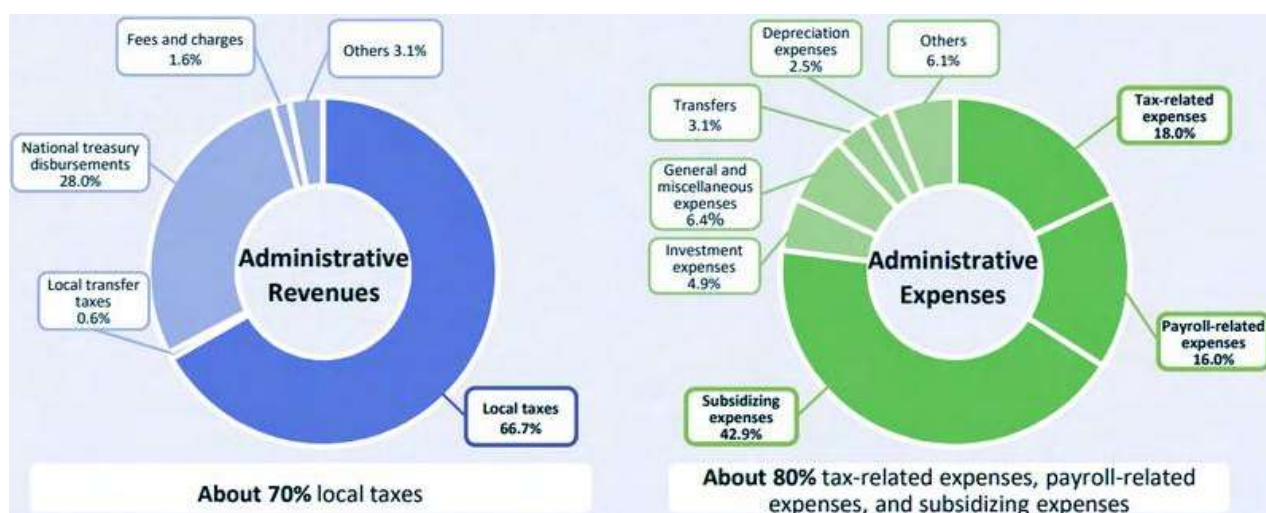


(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)

# Economic performance

## Breakdown of administrative revenues and administrative expenses

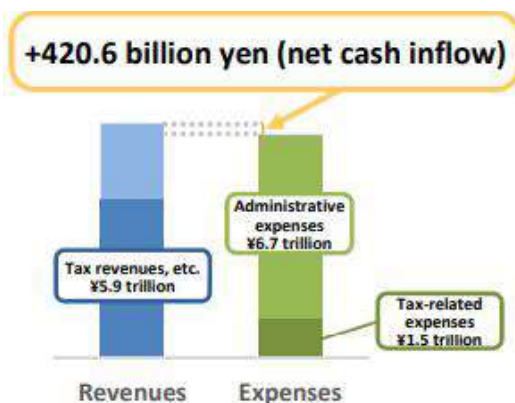
Total **administrative revenues** was 8,751.1 billion yen, of which local taxes accounted for about 70%. Meanwhile total **administrative expenses** was 8,592.5 billion yen, of which subsidizing expenses, tax-related expenses, and payroll-related expenses accounted for a large proportion.



## Balance of administrative services activities

(in billion yen, %)

Item	FY2021	FY2020	Change in amount	Percentage of change
Administrative service activities <sup>①</sup>				
Total revenues	8,791.5	6,859.2	1,932.3	28.2
Tax revenues, etc.	5,953.0	5,349.3	603.6	11.3
Others	2,838.5	1,509.9	1,328.6	88.0
Total expenses	8,370.8	6,684.4	1,686.4	25.2
Tax-related expenses	1,549.5	1,389.3	160.2	11.5
Administrative expenses	6,769.9	5,238.9	1,531.0	29.2
Others	51.3	56.1	(4.7)	(8.4)
Balance of administrative service activities	420.6	174.8	245.8	-



- This is the cash balance for the provision of **ordinary administrative services**, and when there is a net cash inflow, this means that the expenses for ordinary administrative services were covered by tax revenues, etc.
- In the FY2021 Financial Results, net cash inflow recorded an increase of 245.8 billion yen from 174.8 billion yen in the previous year to **420.6 billion yen**, mainly due to increases in metropolitan tax revenues.

(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)



# Revenue

## Breakdown of annual revenues

(in billion yen, %)

/Ratio/

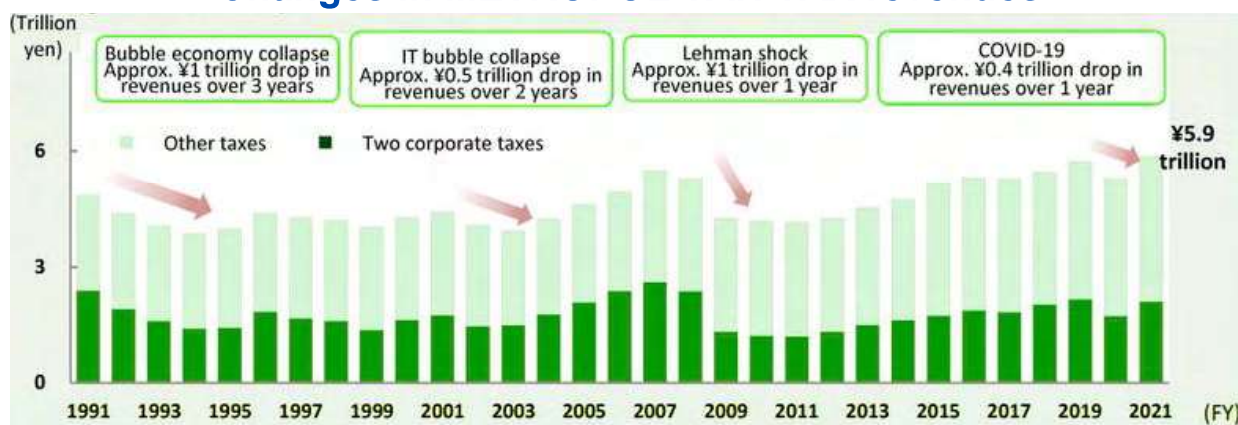
Item	FY2021	FY2020	Change in amount	Change of percentage
Metropolitan taxes	5,871.5	5,293.0	578.5	10.9
Two corporate taxes	2,119.2	1,751.9	367.4	21.0
Local transfer taxes	53.3	47.3	6.0	12.7
National treasury disbursements	2,514.6	1,220.9	1,293.7	106.0
Funds transfers	284.8	680.0	(395.1)	(58.1)
TMG bonds	248.5	491.7	(243.2)	(49.5)
Others	1,166.2	1,321.8	(155.6)	(11.8)
<b>Total revenues</b>	<b>10,139.0</b>	<b>9,054.7</b>	<b>1,084.3</b>	<b>12.0</b>

## The status of annual revenues

- Metropolitan tax revenues increased by 10.9% compared to the previous fiscal year, mainly due to increased revenues from the two corporate taxes following a recovery in corporate earnings, and national treasury disbursements increased by 106.0% for the same comparison, mainly due to increases in grants from the national government in relation to anti-Covid measures.
- Meanwhile, funds transfers decreased by 58.1% compared to the previous fiscal year, mainly due to decreased withdrawals from fiscal adjustment funds, while TMG bonds decreased by 49.5% for the same comparison, mainly due to curbs on TMG bonds issuance amounts.
- As a result, total revenues increased by 12.0% compared to the previous fiscal year to 10,139.0 billion yen.

## Changes in METROPOLITAN TAX revenues



(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)

## Extraordinary transfers

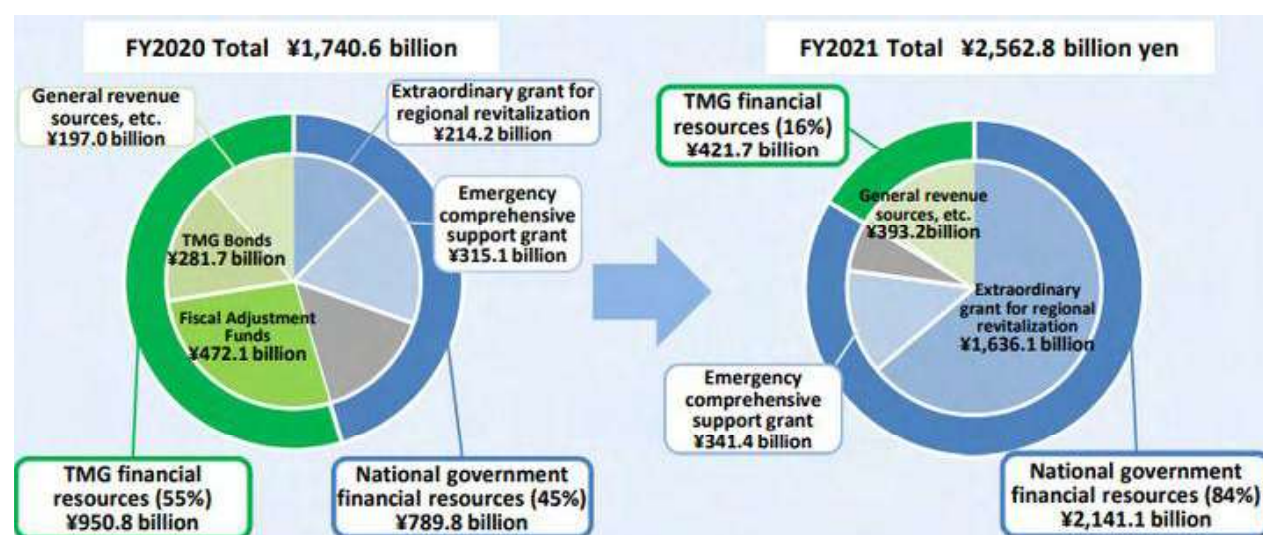
### Measures against COVID

National government grants have been utilized for anti-Covid measures, with the main grants being the extraordinary grant for regional revitalization, which applies to spread prevention measures, and the emergency comprehensive support grant, which applies to the development of medical care provision structures.

Item	Extraordinary grant for regional revitalization - COVID-19				COVID-19 emergency comprehensive support grant
	Normal section	Cooperation request promotion section	Business operator support section	Testing promotion section	
Effective date	• April 2020 -	• November 2020 -	• April 2021 -	• December 2021	• April 2020 -
Main target projects	• Spread prevention • Local economy, citizens' livelihood support	• Assistance funds accompanying calls for shorter business hours	• Support for business operators, etc.	• Free testing such as PCR, etc.	• Development of spread prevention and medical care provision structures
Amounts of grants to TMG	29.2 billion yen	1,531.9 billion yen	41.5 billion yen	8.3 billion yen	341.4 billion yen

### Breakdown of financial resources for measures against COVID

- As has been seen thus far, the TMG implemented prompt measures through the utilization of its own financial resources, such as fiscal adjustment funds and TMG bonds, in order to stop the spread of infection from an unknown virus.
- Later, with the expansion of grants from the national government related to anti-Covid measures, the ratio in terms of financial resources from the **national government** and the **Tokyo Metropolitan Government** became 84% and 16% respectively in FY2021.



In 2021, in addition to the utilization of various funds and TMG bonds, the TMG focused efforts on securing financial resources such as grants from the national government, and was able to apply full strength in approaches to ensure the safety and security of Tokyo's citizens, in the struggle against COVID-19, etc. and to rebuild and restore Tokyo's economy.

(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)



# Expenditure

## Breakdown of expenses by type

(in billion yen, %)

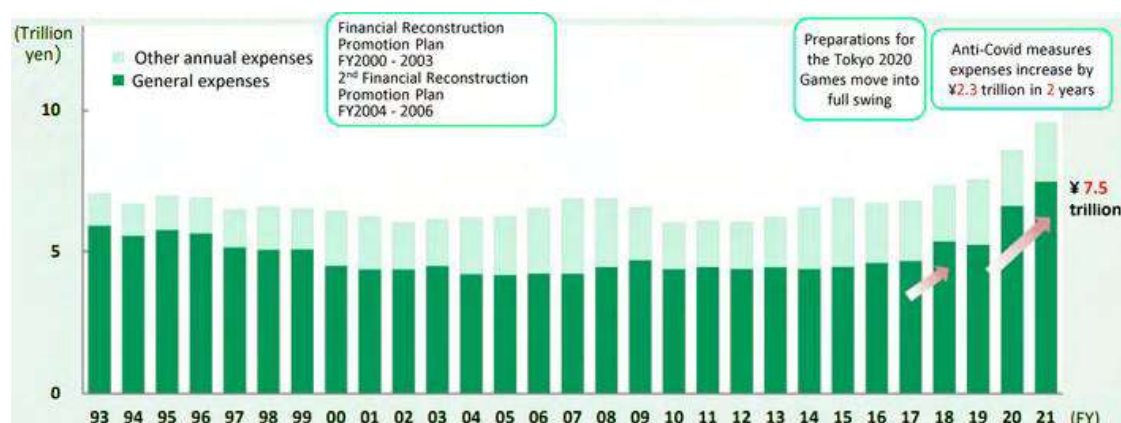
Item	FY2021	FY2020	Change in amount	Change of percentage
General expenses	7,504.1	6,595.6	908.4	13.8
Personnel expenses	1,541.8	1,526.2	15.7	1.0
Investment expenses	766.9	843.3	(76.4)	(9.1)
Subsidizing expenses	3,914.1	2,560.2	1,354.0	52.9
Others	1,281.2	1,666.0	(384.8)	(23.1)
Expenses for public bonds	367.1	388.2	(21.1)	(5.4)
Tax-related expenses, etc.	1,718.3	1,625.7	92.6	5.7
<b>Total expenses</b>	<b>9,589.5</b>	<b>8,609.5</b>	<b>979.9</b>	<b>11.4</b>

Item	Ratio
Personnel expenses	16.1%
Investment expenses	8.0%
Subsidizing expenses	40.8%
Others	13.4%
Expenses for public bonds	3.8%
Tax-related expenses, etc.	17.9%

- Comparing types of expenses to the previous fiscal year, subsidizing **expenses increased** by 52.9%, mainly due to **increased expenses for measures against COVID**, while tax-related expenses increased by 5.7%, mainly due to increases in metropolitan tax revenues.
- Meanwhile, others decreased by 23.1% compared to the previous fiscal year, mainly due to decreases in small and medium enterprise financing system deposits.
- As a result, total expenses increased by 11.4% compared to the previous fiscal year to ¥9,589.5 billion yen.

## Changes in settled amounts for GENERAL EXPENSES



**Settled amounts for general expenses** shifted to an **increasing trend** as preparations for the Tokyo 2020 Games moved into full swing in FY2018, and in FY2021, expenses reached the highest ever recorded amount of 7.5 trillion yen, an increase of 0.9 trillion yen compared to the previous fiscal year, mainly due to measures **against COVID-19**.

(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)

## Expenditure

### Breakdown of expenses by purpose

(in billion yen, %)

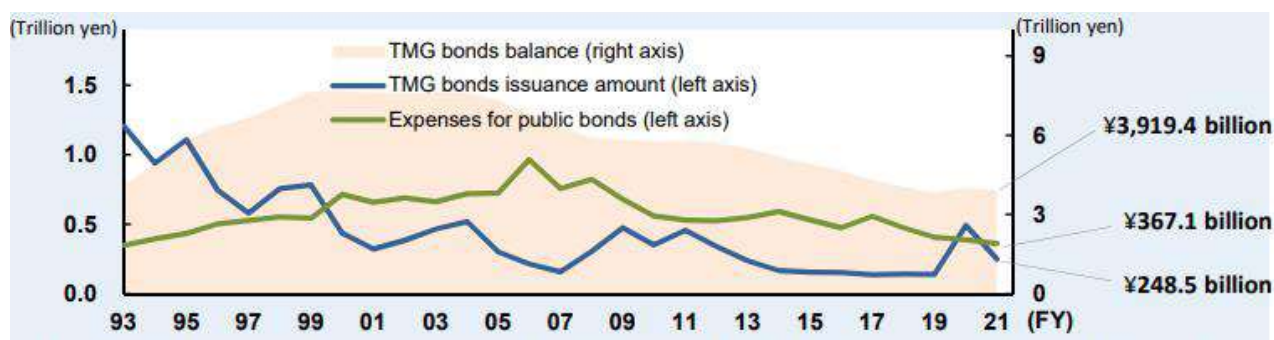
Item	FY2021	FY2020	Change in amount	Change of percentage
Gen. Service Admin.	587.8	639.0	(51.2)	(8.0)
Welfare	1,254.2	1,341.9	(87.7)	(6.5)
Hygiene	698.6	543.8	154.8	28.5
Commerce/ manufacturing	2,099.0	1,297.4	801.6	61.8
Civil engineering	758.7	817.7	(59.0)	(7.2)
Police	619.5	632.6	(13.2)	(2.1)
Fire defense	230.4	233.6	(3.2)	(1.4)
Education	1,336.4	1,203.0	133.4	11.1
Public bonds	367.1	388.2	(21.1)	(5.4)
Fiscal adjustment grants for special wards	1,091.6	987.4	104.2	10.6
Others	546.3	525.0	21.2	4.0
<b>Total expenses</b>	<b>9,589.5</b>	<b>8,609.5</b>	<b>979.9</b>	<b>11.4</b>

- **General service administration expenses** decreased by 8.0% or 51.2 billion yen compared to the previous fiscal year, mainly due to decreases in deposits to the preparation funds for the Tokyo 2020 Games.
- **Hygiene expenses** increased by 28.5% or 154.8 billion yen compared to the previous fiscal year, mainly due to increased expenses for measures against COVID-19.
- **Commerce/manufacturing expenses** increased by 61.8% or 801.6 billion yen compared to the previous fiscal year, mainly due to increases in spread prevention assistance funds related to reduced business hours.
- **Civil engineering expenses** decreased by 7.2% or 59.0 billion yen compared to the previous fiscal year, mainly due to decreases in investment to the sewerage account and roads improvement expenses.
- **Education expenses** increased by 11.1% or 133.4 billion yen compared to the previous fiscal year, mainly due to increases in expenses related to joint implementation projects for the Tokyo 2020 games.
- **Other expenses** increased by 4.0% or 21.2 billion yen compared to the previous fiscal year, mainly due to increases in local consumption tax grants and transfer of tax on capital gains.

(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)

## Bond balance

### Changes in TMG bonds balance, TMG bonds issuance amounts, and expenses for public bonds



The Tokyo Metropolitan Government bonds issuance amount **decreased** by 243.2 billion yen compared to the previous fiscal year to 248.5 billion yen, due to curbs on issuance amounts through the utilization of increased tax revenues. As a result, the TMG bonds balance also shifted to a declining trend, with a decrease of 69.5 billion yen to 3,919.4 billion yen.

- TMG bonds fulfil a role in the **balancing of benefit and burden between generations**. Furthermore, in order to conduct stable funds procurement in the bonds market, the TMG must ensure the safety of TMG bonds, as well as liquidity and circulation.
- TMG bonds also must be utilized **systematically and strategically**, through use as financial resources for the steady promotion of measures in accordance with objectives and circumstances, etc.

## Debt ratio

Index name	Index details	TMG ratio	Early consolidation standard	Fiscal reconstruction standard
Real deficit ratio	• Ratio of <b>real deficit amount</b> in relation to standard financial scale [General account, etc.]	- (No deficit)	5.72%	8.94%
Consolidated real deficit ratio	• Ratio of <b>real deficit amount</b> in relation to standard financial scale [All accounts]	- (No deficit)	10.72%	18.94%
Real debt payment ratio	• Ratio of <b>general revenue sources used for the redemption of local government bonds</b> in relation to standard financial scale (3-year average)	1.5%	25%	35%
Future burden ratio	• Ratio of <b>future burden expected in general accounts, etc.</b> , in relation to the standard financial scale	37.5%	400%	-

In the FY2021 Financial Results, **no accounts recorded real deficits**. In addition, the real debt service ratio, which is the ratio of the amount required for the redemption of local government bonds, was 1.5%, while the future burden ratio, which is the ratio of real liabilities that should be borne under general accounts in the future, was 37.5%, and both fell below threshold values.

(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)



### Promoting the metabolism of measures and speeding up project execution

TMG introduced specific approaches to heighten the **effectiveness** and **efficiency** of measures in a **sustainable** manner, in order to provide **high-quality administrative services** to Tokyo's citizens, with changes in socio-economic conditions taken into consideration.

- With the ever increasing speed at which the times are changing, for the prompt and appropriate accommodation of the various challenges within limited financial resources, while maintaining financial capabilities, there is a need to re-verify the **appropriateness** and **validity of projects**, undertake necessary reviews and redesigns, and to further improve on the early passing on of policy achievements to Tokyo citizens.
- In view of these perspectives, the TMG undertakes the integrated implementation of “**policy reviews**” that evaluate the directionality of measures as a whole, such as the creation of new projects, and “**project reviews**” that improve **effectiveness and efficiency** through the verification of individual projects

### Flow of integrated implementation of policy reviews and project reviews (Example: Promotion of para-sport)



- The TMG will continue through **post-project verification** of projects to date that are reaching their ends of terms, and also undertake reviews of **digital aspects** for project reviews and **enhance review** content through the introduction of third party opinions for unit selection of policy reviews in order to reinforce approaches to **create highly effective and efficient measures** from a perspective that places greater priority on achievements.

(Source: FY2021 Tokyo Metropolitan Government Annual Financial Report, Bureau of Finance)

## Credit rating

### Rating (S&P)

Issuer Credit Rating <sup>1</sup>		Stand-Alone Credit Profile <sup>2</sup>
TMG	Japan	TMG
A+/Stable	A+/Stable	aa+

<sup>1</sup> TMG's A+ credit rating is capped by Japan's sovereign rating. On June 9th 2020, the outlook on the "A+" long-term sovereign credit rating on Japan was revised from positive to stable by S&P, which reflects S&P's view that the COVID-19 outbreak has set back Japan's fiscal stabilization process.

<sup>2</sup> SACPs (Stand-alone credit profile) refer to S&P's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government, and is only one component of a rating.

(Source: S&P Global Ratings S&P)

### TMG Rating Report by S&P as of 2022

- Flexible fiscal management under a very wealthy economy as Japan's capital"
- "S&P believes TMG fiscal balance will remain positive for the next two years despite an uncertain economic environment"
- "We expect high levels of tax revenue to continue amid moderate, albeit slowing, economic growth, thanks to a strong revenue base centered on large corporations"
- "We forecast reduction in TMG's debt will progress reflecting its recovering fiscal balance and contained debt management"
- "We think TMG will continue a certain amount of capital expenditure for decarbonization and strengthening urban infrastructure. However, we expect its high tax revenues and capacity for strong and stable financial management will continue to help reduce debt over the next two years, as debt issuance will be contained while drawing down various reserves"

### Issuance History of TMG's ESG Bonds (JPY for Institutional Investors, AUD/USD for Retail Investors)



\*In FY2020, TMG issued JPY 60bn bond with full net proceeds to be used in accordance with TMG's COVID-19 response measures.

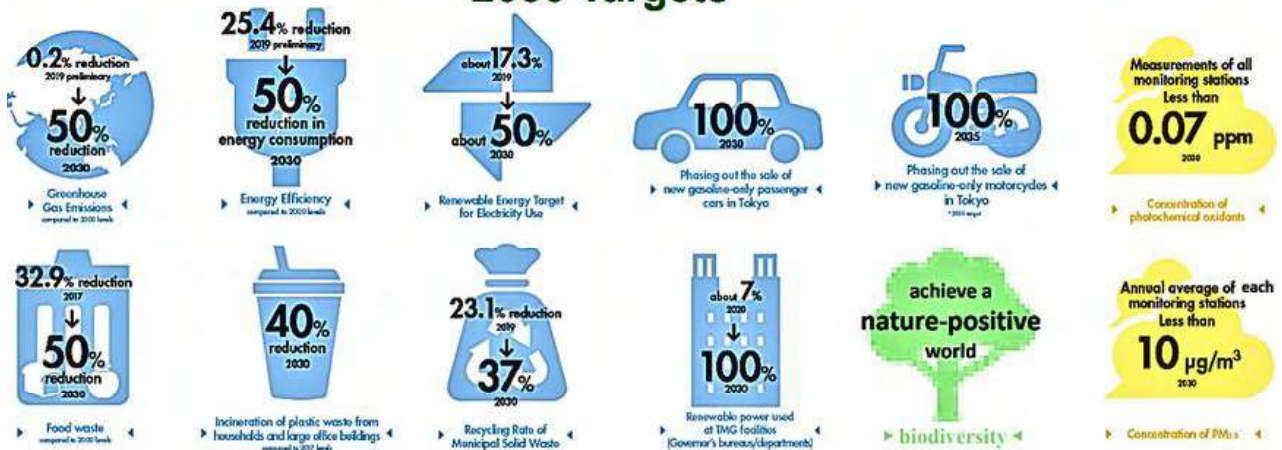
(Source: Tokyo Metropolitan Government (TMG), Bureau of Finance)

# Sustainability

- In March 2021, TMG proudly announced “**Future Tokyo: Tokyo’s Long-Term Strategy**”.
- For the policy development, TMG has set the concepts of “**Structural Reform**” and “**Sustainable Recovery**” as the center of their “**Future Tokyo**” strategy.
- The strategy provides **Tokyo’s 20 visions to be achieved in 2040s**, aiming to realize Tokyo to become a safe, beautiful, and enjoyable city leading the world with the whole nation of Japan and, enable people to shine. It is constituted of 20+1 strategies towards 2030 and 122 projects.
- To realize “**Zero Emission Tokyo**” that will contribute to net zero CO2 emissions worldwide by 2050, TMG has announced “**Carbon Half**” that will halve GHG emissions by 2030 from a 2000 baseline.



## 2030 Targets



(Sources: “Zero Emission Tokyo Strategy 2020 Update & Report”, March 2021, / “Tokyo Environmental Master Plan” “Basic Policy for Revision of Ordinance Programs to Achieve Carbon Half”)



## Data Sources



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- Zero Emission Tokyo Strategy 2020 Update & Report, March 2021
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Tokyo

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## **About this report**

**The Popular Financial Report** was prepared by the financial activities of the city and primarily from detailed data contained in the TMG's 2021 Comprehensive Annual Financial Report in order to public stakeholders to have better understanding of the financial condition and correct allocation of resources at the Metropolitan Government level.

The **Tokyo Metropolitan Government (TMG)** introduced the new public accounting system, which uses double-entry bookkeeping/accrual basis accounting, ahead of the rest of the country in FY2006. Financial statements are prepared based on the accounting standard independently formulated by the Tokyo Metropolitan Government, which, while conforming with generally accepted accounting principles (**GAAP**) of the private sector, also gives consideration to the special characteristic of public administration.

*This report was completed as part of the **Public Management** course at the **SAA, University of Turin**, under the supervision of **Prof. Valerio Brescia**. The elements presented in this assignment have been developed in accordance with the guidelines defined by **Professors Paolo Biancone, Silvana Secinaro, Valerio Brescia, and Davide Calandra**.*

