

Promoting SDGs for Regional Revitalization Finance

– Creating Autonomous Virtuous Cycles Through a Financial Framework –

Issue 1: The creation of autonomous virtuous cycles through public-private partnership SDGs

Issue 2: Designing SDGs finance to ensure autonomous virtuous cycles are realized

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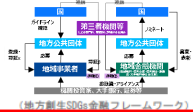
Chairperson of the SDGs for Regional Revitalization Finance Study Group (Cabinet Office)

Key Initiatives in the SDGs Action Plan 2020 (December 2019)

Promoting SDGs for regional revitalization

With a view to the second phase of regional revitalization, it is important to put effort into sustainable urban development from a medium- to long-term perspective, and to continue activities for promoting and popularizing SDGs by local governments as well as providing financial assistance for the creation of model projects. At the same time, there is a need to advance cooperation with various stakeholders including private corporations and financial institutions, in order to create autonomous virtuous cycles towards the resolution of regional issues.

Moreover, aim to roll-out registration and certification systems targeted at regional businesses that are engaged in SDGs for Regional Revitalization, and to develop commendation systems for regional financial institutions, etc. as well as methods of evaluation for the initiatives by various stakeholders. (R2 Initial budget: 470 million yen)



Declaration of "SDGs Japan Model" under the leadership of local governments, and convention of SDGs National Forum

Held in Kanagawa Prefecture in 2019. The SDGs Japan Model declaration was adopted with the approval of 157 local government bodies. There are plans to continue holding the forum in 2020 in Nagano Prefecture, with the aim of widely disseminating SDGs for Regional Revitalization under the leadership of local governments.

Promoting the creation of a shared recognition with customers, by regional financial institutions

Promote the creation of share values, in which regional financial institutions provide advice and finance towards the resolution of the management issues of regional corporations, improve the productivity of such corporations, and ultimately secure a continuous management foundation for themselves. (R1 Supplementary budget: 20 million yen)

Promoting sustainable tourism

- To promote faithful compliance with the matters agreed upon at the G20 Tourism Ministers' Meeting in 2019, a follow-up survey is conducted on the status of implementation of measures agreed upon by each country, while a symposium is held to present those results, and efforts are made to popularize and promote effective and sustainable tourism.
- Based on the "Towards a Sustainable Tourism-Oriented Country" approved by the Sustainable Tourism Promotion Headquarters, strengthen initiatives towards the realization of sustainable tourism through the development and popularization of the Japanese version of sustainable tourism indicators that are in line with international standards, which contribute to effective tourism management, and through the promotion of measures against congestion/poor manners, etc. that utilize model projects and other means.

Revitalization of regions including rural districts

(SDGs Promotion Headquarters)

Comprehensive support to develop rural districts

Provide comprehensive support for initiatives that contribute to securing places of employment for regional residents, including farmers, through the development of activity plans based on creative efforts of the regions, as well as initiatives that contribute to increasing incomes and expanding employment in rural districts, thereby promoting the revitalization of rural districts. (R2 Initial budget: 9.81 billion yen)

Development of terrace paddy areas

Put in place comprehensive support measures for the conservation and development of terrace paddy areas, from the perspectives of industry, environment, landscape, and culture.

Promoting village networks

In "village networks" (small hubs) comprising a core village and multiple neighbouring villages, provide support for initiatives that underpin everyday life as well as activities that create livelihoods through collaboration between diverse entities that support everyday life. (R2 Initial budget: 400 million yen)

Promoting wide-area collaboration

Promote diverse wide-area collaboration, beginning with initiatives in cooperative central cities that are hubs for maintaining dynamic social economy even in a serious situation of population decline (R2 Initial budget: 100 million yen)

Mesomountainous Region Agriculture Renaissance Project

Provide comprehensive support for the realization of diverse and rich agricultural industry as well as beautiful and dynamic rural districts, and initiatives towards the maintenance and succession of regional resources such as farmlands by the regional community. (R2 Initial budget: 44.2 billion yen)

Project to develop centres for the creation of culture and arts

By supporting cultural and arts programs led by local governments in anticipation of the 2020 Tokyo Olympics and beyond, enhance local governments' ability to plan and implement cultural programs on a national scale, develop diverse and characteristic culture and arts, and contribute to regional revitalization (R2 Initial budget: 1 billion yen).



Promoting Globally Important Agricultural Heritage Systems/Agricultural Heritage Sites in Japan

Promote initiatives to raise awareness of the Globally Important Agricultural Heritage Systems/Agricultural Heritage Sites in Japan, which accredit regions (agricultural, forestry, fishery industry systems) that operate traditional agricultural, forestry and fishery industries that have been passed on for many generations while adapting to society and the environment.

Promoting a national movement to increase consumption by discovering the appeal of food

Promote "Food Action Nippon," a national movement that seeks to increase the consumption of domestically produced agricultural, forestry and fishery products through the united efforts of producers, food businesses, and consumers across the country. Support initiatives such as events to communicate the appeal of domestic produce and agriculture to consumers, local specialty contests, etc. (R2 Initial budget: 120 million yen)

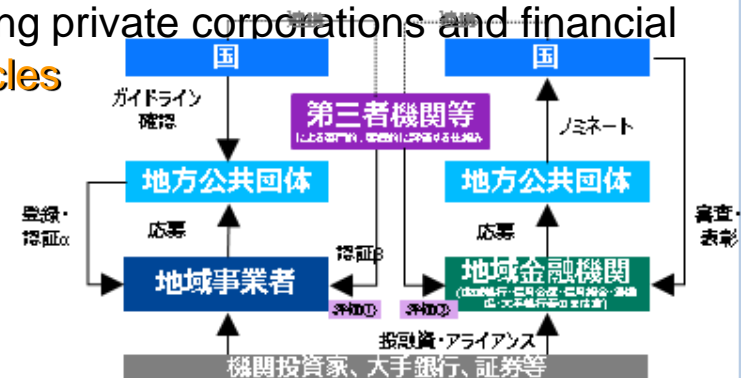
Protection and succession of Japanese food culture

Protect Japanese food culture, which has been designated as a UNESCO Intangible Cultural Heritage, and implement measures to pass it on to future generations. (R2 Initial budget: 70 million yen)

Promoting SDGs for regional revitalization

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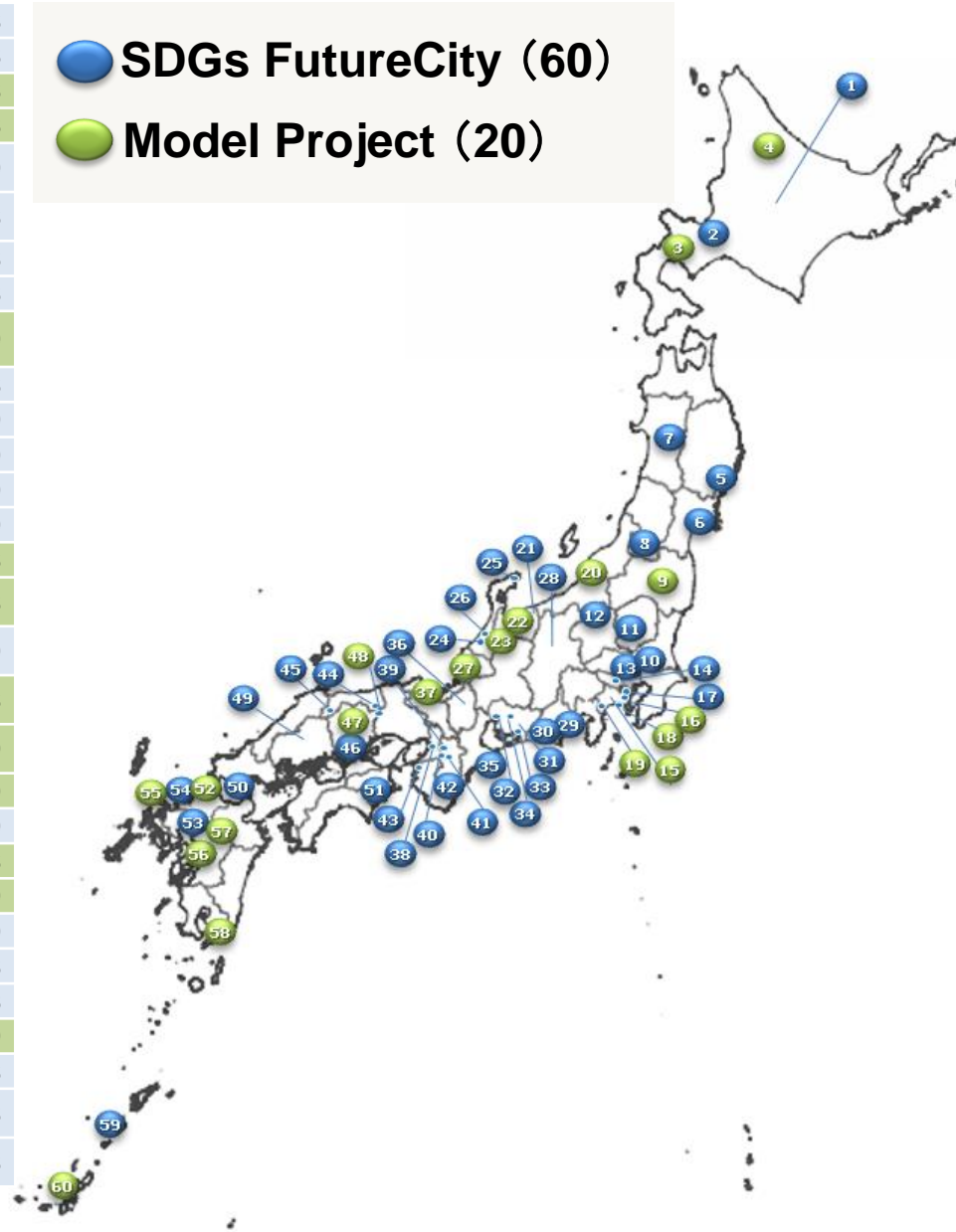
SDGs for Regional Revitalization Finance Framework

List of the cities selected as SDGs FutureCity / Model Project

1	Hokkaido	2018
2	City of Sapporo, Hokkaido	2018
3	Niseko Town, Hokkaido	2018
4	Shimokawa Town, Hokkaido	2018
5	City of Rikuzentakata, Iwate Pref.	2019
6	Higashimatsushima City, Miyagi Pref.	2018
7	Semboku City, Akita Pref.	2018
8	Iide Town, Yamagata Pref.	2018
9	Koriyama City, Fukushima Pref.	2019
10	Tsukuba City, Ibaraki Pref.	2018
11	Tsukuba City, Ibaraki Pref.	2019
12	Minakami Town, Gunma Pref.	2019
13	Saitama City, Saitama Pref.	2019
14	Hino City, Tokyo	2019
15	Kanagawa Prefecture	2018
16	City of Yokohama, Kanagawa Pref.	2018
17	Kawasaki City, Kanagawa Pref.	2019
18	Kamakura City, Kanagawa Pref.	2018
19	Odawara City, Kanagawa Pref.	2019
20	Mitsuke City, Niigata Pref.	2019
21	Toyama Prefecture	2019
22	Toyama City, Toyama Pref.	2018
23	Nanto City, Toyama Pref.	2019
24	Komatsu City, Ishikawa Pref.	2019
25	Suzu City, Ishikawa Pref.	2018
26	Hakusan City, Ishikawa Pref.	2018
27	Sabae City, Fukui Pref.	2019
28	Nagano Prefecture	2018
29	City of Shizuoka, Shizuoka Pref.	2018
30	Hamamatsu City, Shizuoka Pref.	2018

 **SDGs FutureCity (60)**

 **Model Project (20)**



31	Aichi Prefecture	2019
32	City of Nagoya, Aichi Pref.	2019
33	Toyohashi City, Aichi Pref.	2019
34	Toyota City, Aichi Pref.	2018
35	Shima City, Mie Pref.	2018
36	Shiga Prefecture	2019
37	Maizuru City, Kyoto Pref.	2019
38	Sakai City, Osaka Pref.	2018
39	Ikoma City, Nara Pref.	2019
40	Sango Town, Nara Pref.	2019
41	Koryo Town, Nara Pref.	2019
42	Totsukawa Village, Nara Pref.	2018
43	Wakayama City, Wakayama Pref.	2019
44	Chizu Town, Tottori Pref.	2019
45	Nichinan Town, Tottori Pref.	2019
46	Okayama City, Okayama Pref.	2018
47	Maniwa City, Okayama Pref.	2018
48	Nishiawakura Village, Okayama Pref.	2019
49	Hiroshima Prefecture	2018
50	Ube City, Yamaguchi Pref.	2018
51	Kamikatsu Town, Tokushima Pref.	2018
52	City of Kitakyushu, Fukuoka Pref.	2018
53	Omuta City, Fukuoka Pref.	2019
54	Fukuetsu City, Fukuoka Pref.	2019
55	Iki City, Nagasaki Pref.	2018
56	Kumamoto City, Kumamoto Pref.	2019
57	Oguni Town, Kumamoto Pref.	2018
58	Osaki Town, Kagoshima Pref.	2019
59	Tokunoshima Town, Kagoshima Pref.	2019
60	Onna Village, Okinawa Pref.	2019

※in order of Area / Municipality code

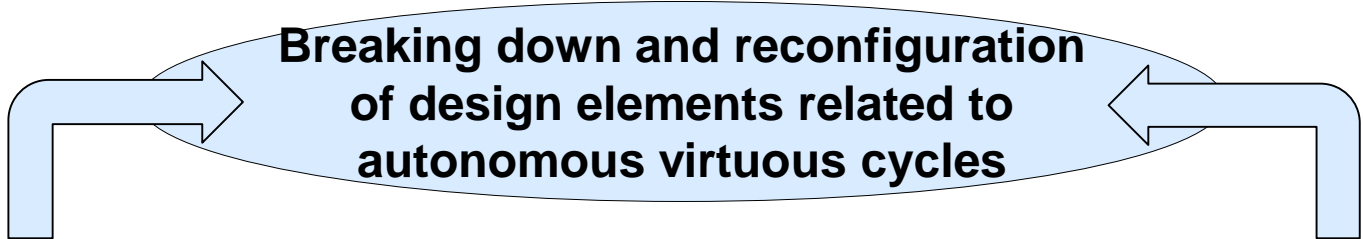
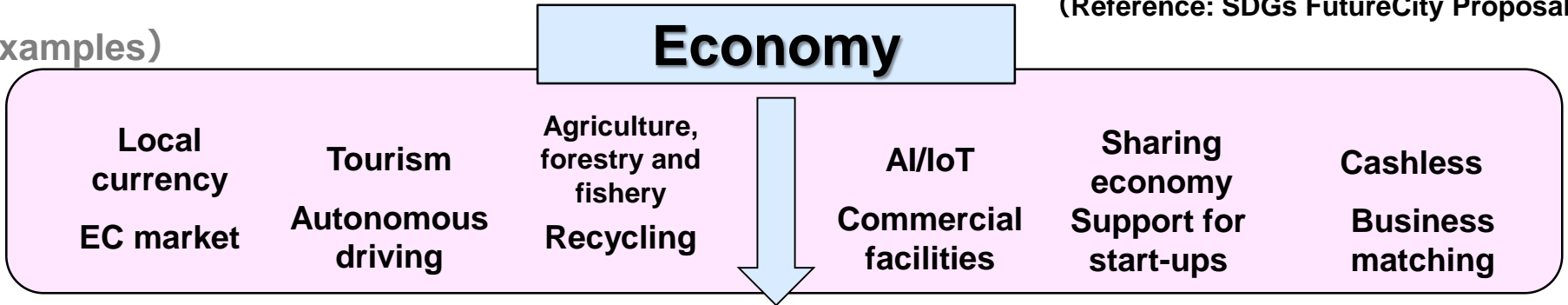
Proposals for Autonomous Virtuous Cycles in SDGs FutureCity (Examples)

Toyama City (Toyama Pref.)	Deepening of compact cities by fusing the creation of LRT networks with autonomous and decentralized energy management
Maniwa City (Okayama Pref.)	Expanding demand for forestry and timber industries (woody biomass power generation, CLT, etc.) that make use of regional resources, developing the agricultural industry, promoting the tourism industry
Iki City (Nagasaki Pref.)	“Smart” agricultural industry through the implementation of IoT and AI, and introduction of advanced technologies into civil society, and through that, improvements in agricultural profitability and increase in the number of people returning or moving to the regions
Mitsuke City (Niigata Pref.)	Improving the living environments of citizens by advancing the development of a healthy and compact city
Nishiawakura Village (Okayama Pref.)	Involving investors together with the relevant population through forestry trust business, in order to improve the efficiency of the utilization of regional resources, and enhance the sustainability of the region
Osaki Town (Kagoshima Pref.)	Advancing the recycling industry through impact assessment of the recycling business, and developing human resources with a view to resolving issues such as shortage of workers
Onna Village (Okinawa Pref.)	Conservation of natural tourism resources (corals) and enhancing the added value of the tourism industry, in order to build a system for returning profits to villagers

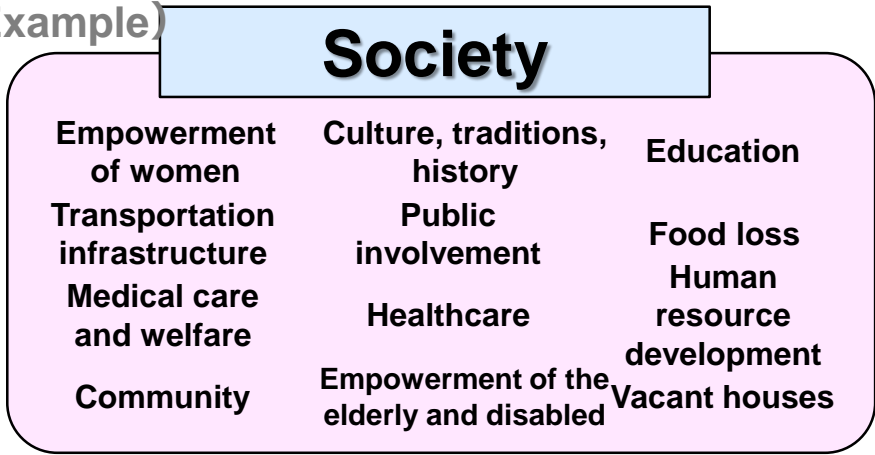
Design Elements for the Creation of Autonomous Virtuous Cycles (Examples)

(Reference: SDGs FutureCity Proposals)

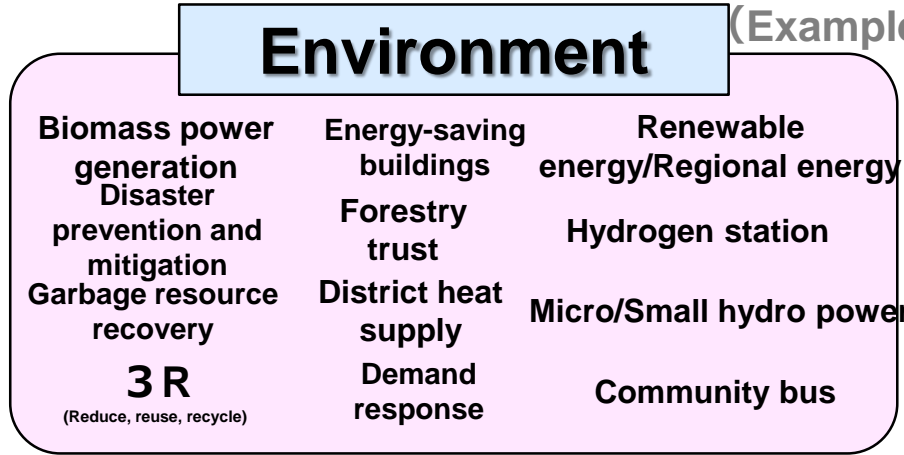
(Examples)



(Example)



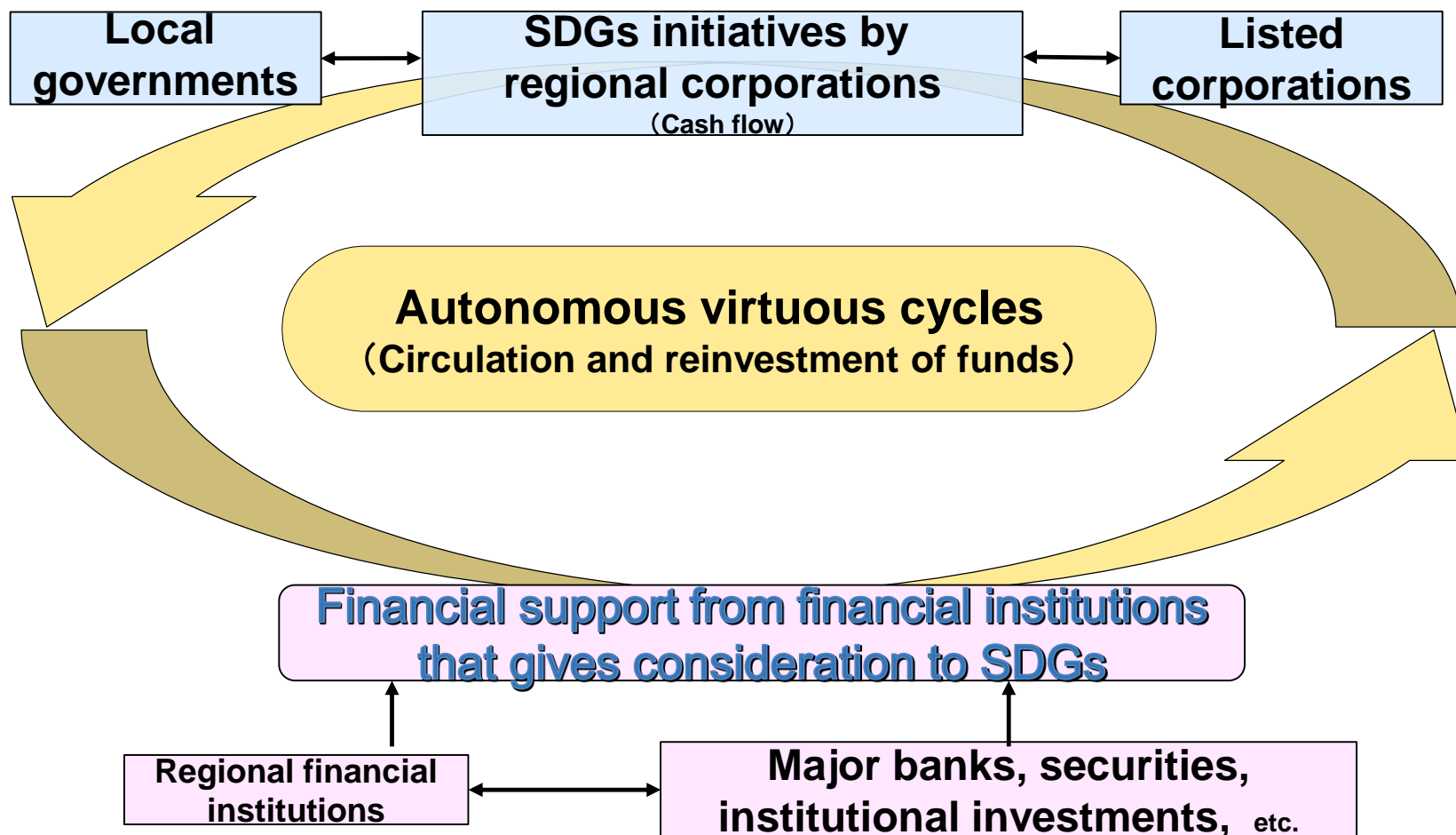
(Examples)



➡ **Creation of autonomous virtuous cycles through comprehensive initiatives towards the achievement of SDGs**

Building of Autonomous Virtuous Cycles by Regional Corporations/Financial Institutions (Cabinet Office, FY2018)

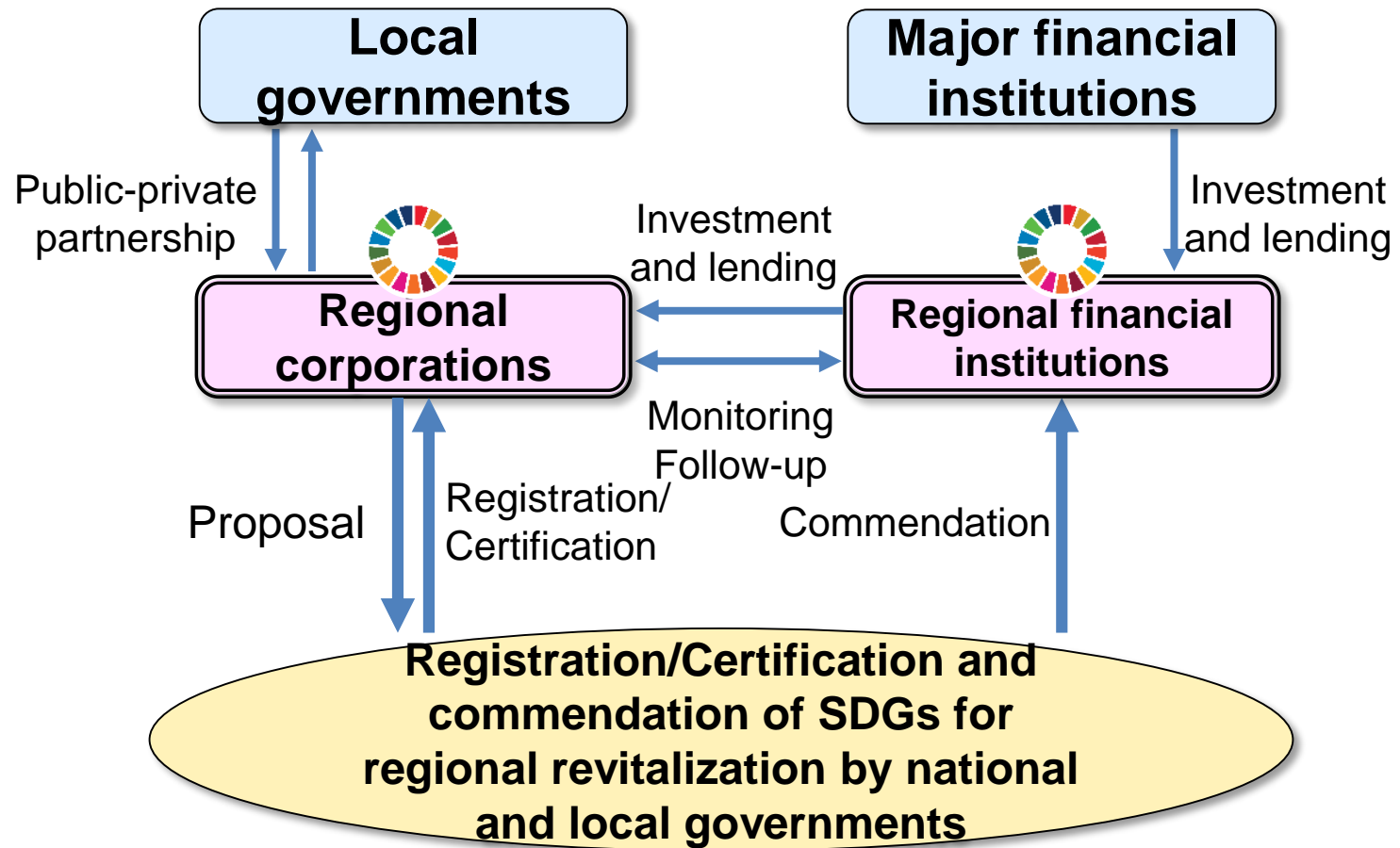
(SDGs for Regional Revitalization/ESG Finance Study Group
(March 2019))



SDGs for Regional Revitalization Framework

Towards the Creation of Autonomous Virtuous Cycles (Cabinet Office, FY2018)

(SDGs for Regional Revitalization/ESG Finance Study Group
(March 2019))



➡ **Greater openness and transparency around SDG-related corporate activities**

Issues with the Registration and Certification/Commendation/Evaluation System (Cabinet Office, FY2019)

(SDGs for Regional Revitalization Finance Study Group
(November 2019))

Issue 1

**Registration/Certification system
for regional corporations**

Issue 2

**Commendation system for regional
financial institutions**



Issue 3

**Method for evaluating performance
of SDGs initiatives for
certification/commendation**

SDGs for Regional Revitalization Finance Framework: Linking of Three Issues

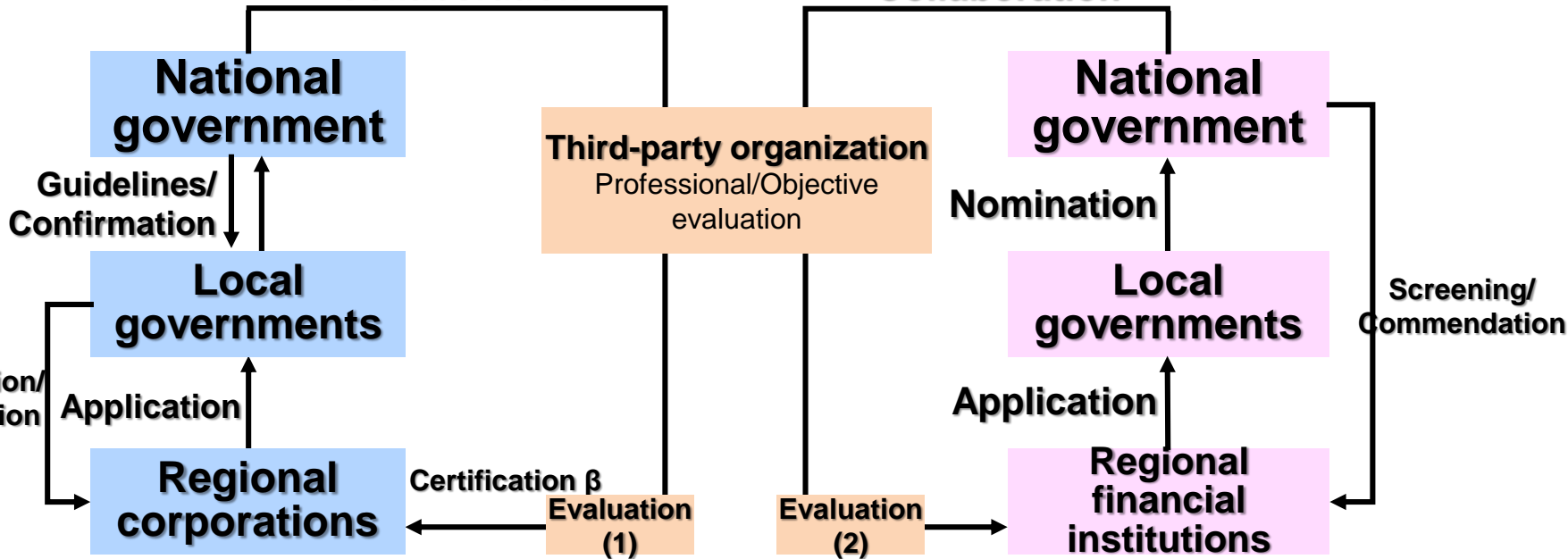
(SDGs for Regional Revitalization Finance Study Group
(November 2019))

Issue 1
Registration/Certification system
for regional corporations

Issue 2
Commendation system for
regional financial institutions

Collaboration

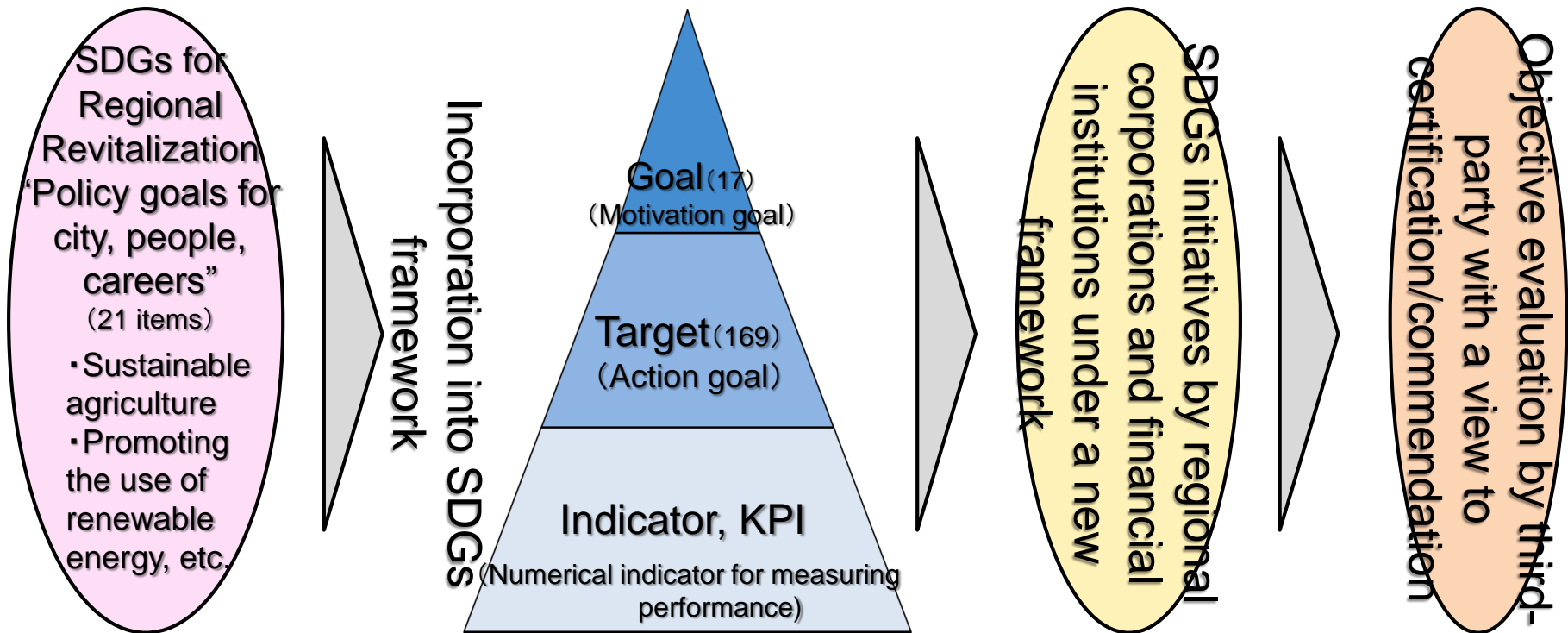
Collaboration



Issue 3
Review of method for evaluating
the performance of SDGs
initiatives by third-party

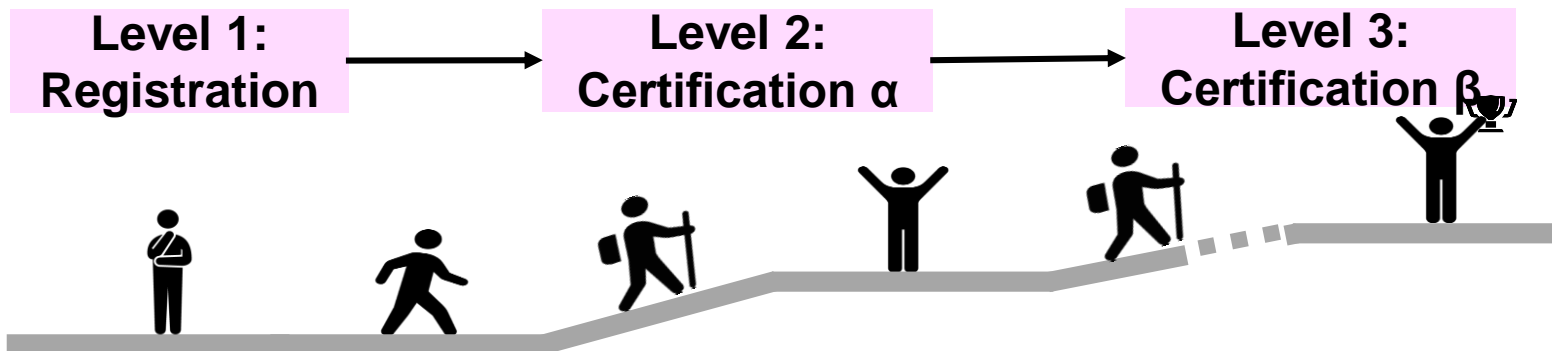
- 1: Neutrality of evaluation bodies
- 2: Objectiveness and expert nature of evaluation criteria

Organization and Positioning of Initiatives for SDGs for Regional Revitalization, and Third-Party Evaluation



- ➡ Incorporate initiatives related to the 21 items of regional revitalization into the goals/targets, and establish an evaluation system based on indicators.
- ➡ Initiatives by regional corporations and regional financial institutions based on this
- ➡ Evaluation of these initiatives by third-party organization with a view to certification and commendation

Issue 1: Overview of Registration/Certification System for Regional Corporations



Requirements	<ul style="list-style-type: none"> Regional businesses that have conducted self-evaluation on SDGs initiatives 	<ul style="list-style-type: none"> Regional corporations that have fulfilled a certain evaluation criteria 	<ul style="list-style-type: none"> Regional corporations that are engaged in particularly outstanding initiatives
Objectives	<ul style="list-style-type: none"> Expand the range of regional businesses engaged in SDGs initiatives by broadly recruiting for registrants Streamline procedures related to application 	<ul style="list-style-type: none"> Establish certification requirements, and deepen initiatives for all regional corporations as a whole Spreading awareness of merits through certification 	<ul style="list-style-type: none"> By introducing outstanding examples, provide role models for other regional corporations

↑
Evaluation by third-party organization 2

1. Enhancing the corporate brand

- Through certification, spread awareness to customers and regional financial institutions that the company is an outstanding company

2. Enhancing non-financial value

- Merits in the aspects of human resource recruitment and development, through the enhancement of corporate brand etc.

3. Incentives provided by local governments

- Additional points in competitive bidding, granting of subsidies, etc.

4. Regional business circle-led initiatives

- Revitalization of loan consultations with financial institutions
- Increase in opportunities to access skill improvement seminars, etc.
- Participation in regional corporate membership system for SDGs initiatives, etc.
- Expansion of business opportunities

1. Recognition of the importance of finance

- ⇒ Further enhance the importance of investment and loans among regional corporations through commendation
- ⇒ Provide incentives to financial institutions to facilitate more proactive lending and investment and provision of services

2. Promote collaboration between local governments and regional financial institutions

3. Expand and popularize financial products and services related to SDGs

4. Expand investment and lending

Promote the injection of funds from institutional investors/major banks/securities, etc. to regional financial institutions

Incentives for Promoting Participation of Regional Financial Institutions

1. PR effect

- Raise awareness of the institution's name among potential new customers through new channels, thereby contributing to the expansion of business opportunities

2. Improve creditworthiness

- Raise awareness of the fact that the institution is an outstanding one among existing customers, thereby expanding business opportunities
- Advance the sharing of values with new customers by engaging in SDGs for regional revitalization, making it easier to resonate with customers

3. Direct effects of subsidies, etc.

- Financial merits such as subsidies, provision of interest subsidies, etc. by local governments, etc.
- Enhance various non-financial values brought about by SDGs initiatives

4. Enhance staff motivation

- Improve motivation to staff through SDGs initiatives and improvements to corporate image

1. Reorganization of policy goals for regional revitalization (21 items) into the SDGs framework

- Reorganize activity goals presented in the Act on Revitalization of Cities, People and Careers, etc. under the SDGs framework (goals, targets)
- Establish indicators for evaluating performance (indicators)

2. Strengthen trust by securing third-party objectivity and professionalism

- Vital to have the broad understanding and support of public and private sectors towards the evaluation system in order to ensure the success of the certification and commendation system
- With regard to performance evaluation items and evaluation methods, it is important for all stakeholders including corporations, financial institutions, and local governments to share a common recognition

3. Perspectives of financial institutions

- For financial institutions, it is necessary for the investment targets to undergo and pass a highly reliable quantitative evaluation

SDGs for Regional Revitalization Finance Framework

Towards the Revitalization of Regional Corporations (Cabinet Office, FY2019)

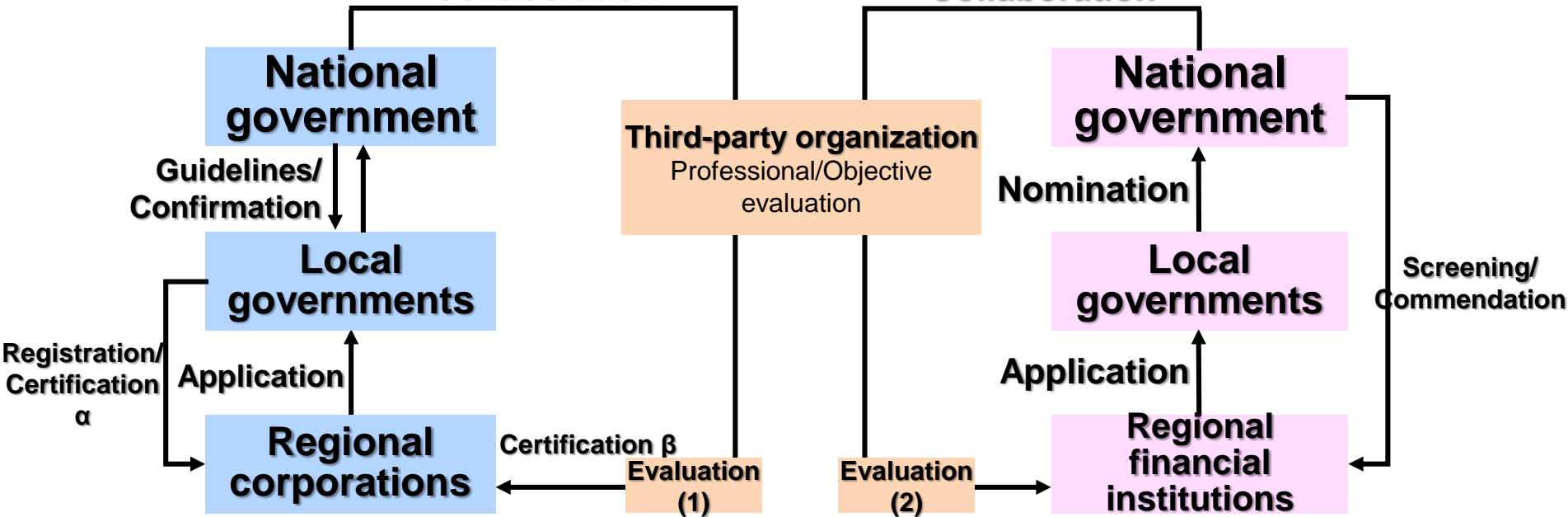
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Issue 1 Registration/Certification system for regional corporations

Issue 2 Commendation system for regional financial institutions

Collaboration

Collaboration



Issue 3

Review of method for evaluating the performance of SDGs initiatives by third-party

- 1: Neutrality of evaluation bodies
- 2: Objectiveness and expert nature of evaluation criteria