

Current Status of Reconstruction and Challenges

1. Reconstruction progress of the five years and the policies ahead
2. Providing Health and Living Support
3. Restoration of Towns and Housings
4. Reviving Industry and Livelihoods
5. Revitalizing and Reconstructing Fukushima
6. Creation of “New Tohoku”
7. Major achievements during Intensive Reconstruction Period (2011-2015)
8. Budget for Reconstruction

Reference: The Process and Prospects for Reconstruction

March, 2016



1. Reconstruction progress of the five years and policies ahead

- ◆ Most of the infrastructure is recovered. Housing reconstruction is in progress. Reconstruction Agency works on reviving industry and livelihoods as well as providing health and living support.
- ◆ Regarding Fukushima's recovery and revival, the measures are taken in response to the intension of the evacuees (early return/ wait to return/ settle in other areas)

1. Providing Health and Living Support

Achievement The number of evacuees has decreased from approx. 470,000 to 174,000. Physical and mental care is essential in the prolonged evacuation life.

Measures Support for healthy life at temporary housing, community building, and settlement to new environment



2. Restoration of Towns and Housings

Achievement Planning for housing reconstruction has finished and construction work has been accelerated. Private house rebuilding on their own is promoted.

The removal of disaster debris and restoration of public infrastructure has almost completed.

Measures Speed up the remaining restoration works.

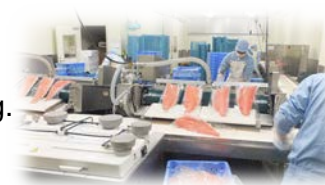
Construction of transportation network (reconstruction road, railway, etc) for the basis of development.



3. Reviving Industry and Livelihoods

Achievement Industrial Production Indices recovered the level of pre-earthquake. Employment environment has improved. Much of Tsunami-affected farmland is available for farming.

Measures Support for industries with stagnant sales and stores reopening in the newly developed town, Promotion of tourism in Tohoku,



4. Revitalizing and reconstructing Fukushima

Achievement Decontamination of 6 municipalities out of 11 has finished. Beginning of the construction of Interim Storage Facility and the soil transportation. Evacuation orders were lifted in some areas (Tamura city, Kawauchi village, Naraha town.). Restoration of wide-area infrastructure (National Route 6 (2014.9~), Joban Highway (2015.3~))

Measures Measures should respond to the intension of the evacuees (early return/ wait to return/ settle in other areas). Other measures include Radiation Risk Communication and measures against harmful rumors. Implementation of "Future Visitors for 12 municipalities".



2. Providing Health and Living Support

The health and mental support for evacuees must be put first for the prolonged evacuation life.

(1) Policies and Achievements

1. The number of evacuees: approx. 470,000→174,000 (Feb, 2015)
Evacuees in temporary housing: approx.60,000 persons (Jan, 2016)
2. Providing medical treatment, nursing care and mental care.
Assigning approx.1,150 consulting staff for observation.



(2) Challenges and Measures

1. Speed up housing reconstruction and promote settlement to permanent houses.
2. Seamless support responding to new stage of reconstruction
 - Continuously provide health care and mental support.
 - Support community building, Create motivation in life, “Mental recovery” project
 - Consultation system for rebuilding houses.



3. Restoration of Towns and Housings

Relocation to upland and building houses: at the height of construction.

(1) Policies and Achievements

- ① Housing Reconstruction : speeding up by acceleration measures
(simplified procedures for site acquisition, raising the rate for construction labor)

(a) New housing by relocation to uplands

Planned housing: approx.21,000 (As of Jan.2016, 6,500 completed (32%))
Approx.9,000 (45%) by the end of March 2016, and 14,000 (70%) in March 2017.

(b) Public housing for the disaster-affected

Planned housing: approx. 30,000 (As of Jan.2016, 14,000 completed (49%))
Over 17,000 (59%) by the end of March 2016, and 25,000 (85%) in March 2017.

(c) Rebuilding private houses (on their own)

Approximately 130,000 cases*

- ② School facilities and Medical facilities: 90% completed.

- ③ Disaster Debris removal* and Public Infrastructure: almost restored.



(2) Challenges and Measures

- ① Administrative assistance for construction progress management, assistance for rebuilding houses on their own.
- ② Development of transportation network and medical, nursery care service in new town.
- ③ Development of transportation and commercial logistic network (e.g. reconstruction road)

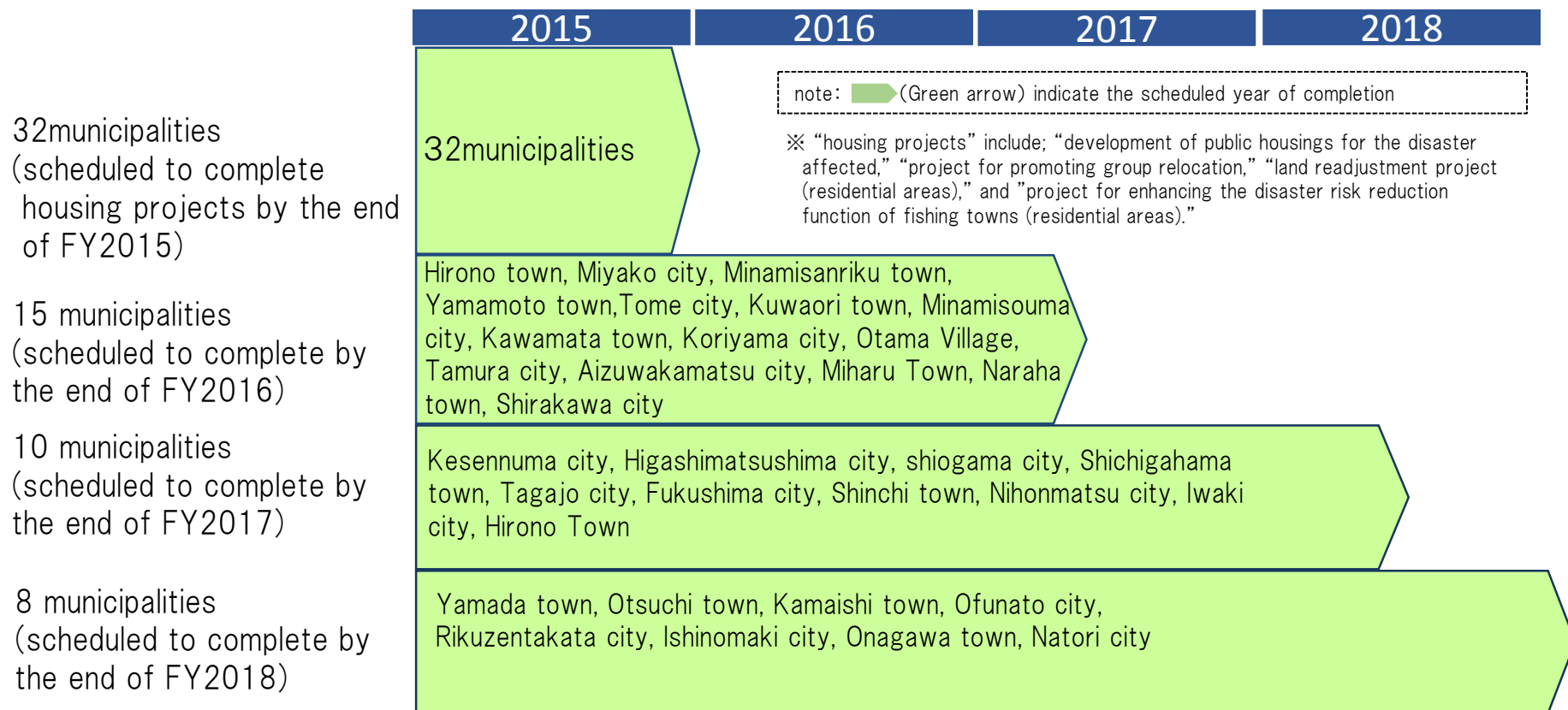
※ The number of cases in which the grant for “Life Rebuilding for the Affected People” was distributed.

※ excluding the areas under evacuation orders.

3. Restoration of Towns and Housings

~Prospect for housing reconstruction projects~

- 32 municipalities are scheduled to complete housing projects by the end of FY2015 (out of 66 municipalities* which applied for Reconstruction Grant.) (as of Sept 2015)
- Remaining 34 municipalities are scheduled to complete housing projects by around FY2018.



※According to “Project Plan for Reconstruction Grant” as of September 2015. The project schedule could be revised by the municipalities.

4. Reviving Industry and Livelihoods

Companies are restarting business. Challenges are in certain business areas of slow recovery.

(1) Assistance Measures

Support for resuming and continuing business activities:

e.g. providing free temporary stores, subsidies for restoration of facilities and equipment emergency loan, measures against double loan problem



Fukko Kirari Shopping Center(Otsuchi Town, Iwate)

(2) Achievements

a. Industrial production indices:

- Recovered more or less to the level of pre-earthquake in 3 prefectures.

b. Business recovery:

- 74% of the Tsunami-affected farmland have recovered.

- 85% of seafood processing industry have restarted business.

c. Sales recovery:

- Approx. 45% of companies have recovered to the pre-earthquake level.
(The recovery rate of sales varies with industries and areas.)

d. Employment recovery:

- Job offers/seekers rate has recovered from 0.45 to over 1.00 in 3 prefectures.



Recovery of seafood processing industry

(3) Measures to be taken

a. Support for Tourism heavily affected by negative reputations

- Designate 2016 as “First Year of Tohoku Tourism Recovery”

b. Support for industries that are struggling to recover sales after restarting the business.

- Support for Seafood processing market development, providing human resources and know-how, and product development.

c. Support for new business launched in the newly developed town.

5. Revitalizing and Reconstructing Fukushima

Preparing the environment for lifting evacuation order by March 2017.

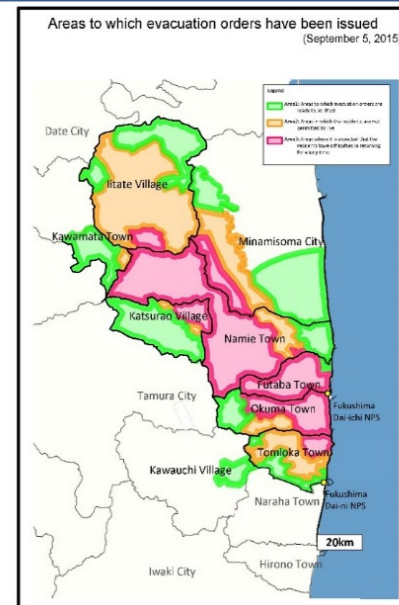
(1) Recovery Status

① Areas under Evacuation Order

- 3 types of evacuation order:
return is difficult (red) /habitation is restricted(yellow)/preparing to lift orders (Green)
→Yellow/Green Area will be lifted no later than March 2017.
- Lifting of the orders in 3 municipalities
Tamura City(Apr, 2014), Kawauchi Village (Oct, 2014), Naraha Town (Sept, 2015)

② Evacuees

- Total numbers from Fukushima Prefecture: Approx.99,000 (As of Feb. 2016)
- Providing the same level public service at municipalities receiving evacuees.
- Providing consultation service responding to concerns including radiation.



(2) Policies responding to evacuees' needs

a. Measures for supporting early return of evacuees (those who want to return)

→Decontamination, Restoration of infrastructure, Resumption of services necessary for daily life

b. Measures for long-term evacuees (those who want to wait)

- Public housing for long-term evacuees.
(approx. 4,900 are scheduled to build: 1,300 will be complete by Mar. 2016))
- Fixing neighborhood reconstruction base

c. Measures for evacuees who want to start new life in other areas

- Payment of compensation
- Assistances in finding new jobs and housing



Iitate-mura, Reconstruction Public Housing,
Iino-Town Park

5. Revitalizing and Reconstructing Fukushima

(3) Ensuring safety and promoting settlement

- Radiation Risk Communication
- Measures against negative reputation
- Improvement of playground facilities for ensuring children's exercise opportunities
- Implementation of "Future Vision for 12 municipalities"
- Promotion of "Innovation Coast Design"
- Assistance for restart of the business by public-private-joint team.

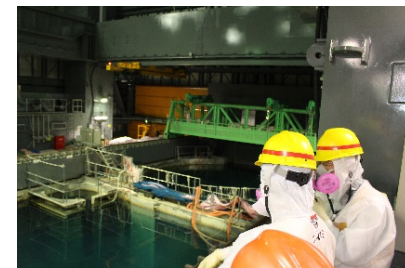
(4) Status of the Accident Recovery (By Nuclear Emergency Response Headquarters)

① Decommissioning of the Reactors

- The power plants are under cold shutdown. Fuel removal of unit 4 completed in 2014.
- Measures against contaminated water are underway.

② Decontamination

- Evacuation order areas (by the national government) (as of Jan, 2016)
 - Wide Area: finished in 6 municipalities/among 11 municipalities
 - Residential Area: finished in 1 town and 2 village/among 11 municipalities
- Fukushima Prefecture (by the municipal governments) (as of Nov, 2015)
 - Finished approx. 80% of public facilities, 80% of residential area, 50% of roads/ among 36 municipalities
- Interim Storage Facility
 - Beginning of the construction and the soil transportation.



③ Compensation

- Payment of indemnification is underway.
 - Compensation for mental damage, damages to commercial sales, damages to incapacity, damages to real estate and home contents and home recovery.

6. Creation of “New Tohoku”

1. Basic Concept

- The challenges which Tohoku region is facing after the disaster, such as depopulation, population aging, and hollowing out of industry, etc., are common in rural areas in Japan and seen nationwide.
- While housing and infrastructure construction is steadily in progress, revitalization of towns and villages requires recovery of people’s active participation.
- Taking advantage of know-how and ideas of the private sector, academia, and NPOs, multilateral sectors will collaborate for the promotion of projects. “New Tohoku” projects are aiming at creation of a new model that can be applied to nationwide.

Community building, revival of rural areas.



Community development program for healthy living (Koriyama city, Fukushima Prefecture.)

Revival of industries and livelihoods.



New agricultural model in semi-mountainous areas: hydroponic production of organic lettuce.

2. Principles for Promotion and Measures to Enhance the Projects

Principles for Promotion

- (1) Acceleration of leading models, development in other areas
- (2) Utilizing human resources, know-how, and finance of private sectors
- (3) Promoting information sharing and business matching by providing opportunities

Enhancing Measures

- Shift from new model building to development and sharing in other areas.
- Branding of “New Tohoku”
- Collaboration with local revitalizing project (e.g. utilizing the programs, information sharing with local revitalizing projects.)

“New Tohoku” Leading Model Project

Publicly seek and support leading initiatives in disaster-affected areas towards the creation of “New Tohoku”. (66 projects selected in FY 2013, 95 projects in FY 2014, 55 projects in FY2015)

【Examples of Projects】

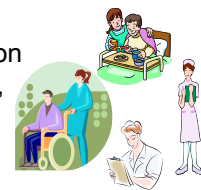
Creation of playgrounds to nurture children's growth

Implementation of activities to build new playgrounds for children with the active participation of local residents and volunteers. Contribute to the formation of a new local community in public housing for disaster victims.



Promotion of “Next-generation Integrated Community Care System”

Development of mechanisms to support local residents that have health problems due to the disaster, in cooperation with persons involved in welfare, medical and nursing care, and living support, such as the local government, businesses, and local residents, as well as medical and nursing professionals.



Creation of “sixth industry” using heat from hot springs

Cultivation of vegetables and fruit in plant factories with the use of thermal energy from hot springs, and the creation of fish farming facilities on land using cooled water from binary power generation, with the aim to create dynamic “eco-hot springs.” Development of “sixth goods” by using these Products and hands-on tour for learning power generation.



District disaster plans made by local residents

Creation of district disaster plans by residents with the shared expertise and local experiences through open workshops and development of individual “evacuation information sheet”. Development of all-purpose know-how for expansion to other areas.



Realization of new agricultural model in semi-mountainous areas

Establishment of low-cost and labor-saving farming methods using plant factories in semi-mountainous areas. Examination of functional production methods and the label of maintenance of freshness for vegetables, with the aim to develop new markets .



Improvement of brand value of ryokans (inns)

Creation and start of full-scale operation of a business model through a reservation site for ryokans (RYOKAN EXPERIENCE) that does not charge fees to ryokans for reservations made through the site, with an aim to improved value of ryokans on the global market.



Development of highly-functional food products from unused resources on the seashore

Practical use of unused marine products that are not in circulation on the market, aiming towards the establishment of a sustainable local industry. Development of new products with a focus on functionality and high-value addition.



Development of “Recommended Brands from Tohoku Department Stores”

Provision of advice on product development with the input of expertise, information collection abilities, and experience of current and former buyers at department stores to develop catalogues and implement promotional activities nationwide, aiming towards expanding the market for the superior products of Tohoku by changing from “support” to “collaboration.”



6. Expansion of the “Model” to Other Areas

Regional Development Network

- Detailed support in accordance with the needs of each municipality, targeting municipalities that are carrying out new initiatives using the know-how of leading model projects, to solve regional problems.
- ✕Support offered to 9 municipalities in FY 2015
- 【→Project for hands-on support (local government version)】
- In addition, sharing advanced know-how and exchange of ideas and opinions both inside and outside disaster affected areas, and initiatives to revitalize local government organizations.

【Examples of Project for Hands-on Support (local government version)】

【Kuji City, Iwate Prefecture】

Expand non-resident population with a focus on the Kuji Moguranpia Science Museum

This project aims to develop new products and expand the non-resident population in cooperation with local shops and high school students, in conjunction with the reopening of the Kuji Monguranpia Science Museum.



【Shiogama City, Miyagi Prefecture】

Island Revitalization using Agriculture and Fisheries of the Urato Islands

In cooperation with the four Urato Islands, this project aims to expand the non-resident population and train/develop farmers and fishermen through green tourism using the appealing points of the islands.



【Koriyama City, Fukushima Prefecture】

Local residents as Main Actors! Creation of Accessible Space for Local Residents

This project aims to create an accessible space for local residents by taking advantage of the characteristics of the region, as well as to develop and expand the use of preventative care tools, such as calisthenics.



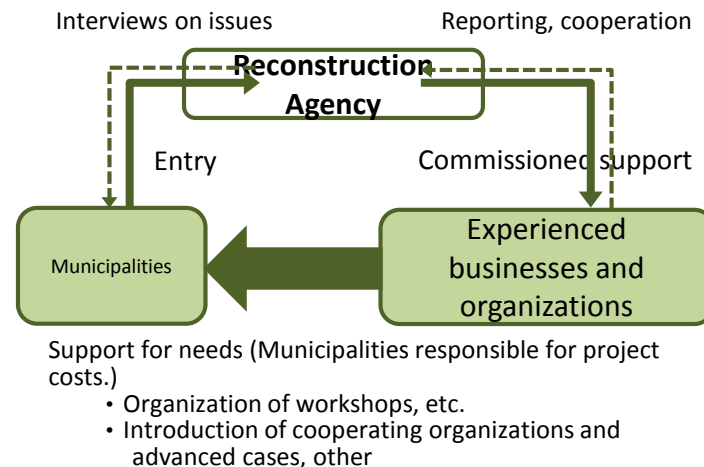
【Kawauchi Village, Fukushima Prefecture】

Support for Returning Residents based on Communities and Industry

This project aims to further improve the rates for residents returning to villages by strengthening functions for the revitalization of local industry and formation of community centers, in conjunction with the start of occupancy of village-run reconstructed public housing.



【Hands-on Support Mechanism (local government version)】



7. Major Achievements during Intensive Reconstruction Period (2011-2015)

Support for reconstruction with unprecedented organizations and policies.

(1) Unification of national responsibility

- ① Establishment and unification of responsible organizations (Reconstruction HQ, Reconstruction Agency)
- ② One-stop response to requests from local governments (establishment of regional bureaus of reconstruction)
- ③ Secure funding of about ¥ 26.3 trillion for reconstruction, including tax increases, in a half decade

(2) Support for the affected local governments

- ① Creation of special local allocation tax for recovery from earthquake disaster and measures for the full share of local governments for recovery and reconstruction projects
- ② Drawdown type of reconstruction fund: ¥300 billion
- ③ Dispatch staff from local governments around Japan to disaster-affected areas (total 87,000 people)

(3) Support for disaster victims

- ① Physical and mental health care, prevention of isolation, support for community building
- ② Support to allow disaster victims to retain their resident records and receive administrative services in relocation areas

(4) Restoration of infrastructure and community development

- ① Special zone for reconstruction, special provisions for land-use restructuring projects permission, “one-stop services”
- ② Reconstruction grant, consolidation of projects required for regional development, allowances for local share

(5) Industrial recovery

- ① Improvement and free rental of temporary factories and stores, etc.
- ② Creation of subsidies for restoration of group facilities, such as small- and medium-sized companies
- ③ Creation of special zone for reconstruction system, special provisions for tax and financial regulations and procedures
- ④ Measures against double loan (Organization for Supporting the Turnaround of Businesses Damaged by the Great East Japan Earthquake, Industrial Recovery Consultation Centers)

(6) Ensuring local employment

- ① Job creation in disaster-affected areas with the upgrade/expansion of job creation funds
- ② Creation of subsidies for employers that employ workers displaced by the earthquake

8. Budget for Reconstruction

Budget for reconstruction

As of June 2015

Area	the Intensive Reconstruction Period (FY2011 – 2015)	the Reconstruction and Revitalization Period (FY2016- 2020)	Total in the Reconstruction Period (FY2011- 2020)
Providing Health and Living Support	2.1	0.4	2.5
Rebuilding of Houses and Reconstructing Communities	10.0	3.4	13.4
Reviving Industry and Livelihoods	4.1	0.4	4.5
Revitalizing and reconstructing Fukushima	1.6	0.5	2.1
Others	7.8	1.7	9.5
Total	25.5	6.5	32.0 (263 billion USD)

(trillion yen)

Financial Resources

$$\begin{array}{rcl}
 \begin{array}{l} \text{Already Budgeted} \\ 26.3 \\ \left(\begin{array}{l} \bullet \text{ Spending Cut} \\ \bullet \text{ Non-tax Revenue} \\ \bullet \text{ Special Tax for Reconstruction}(\text{※}) \\ \bullet \text{ Gain on Sale of Japan Post Shares}(\text{※}) \end{array} \right) \end{array} & \xrightarrow{\quad} & \begin{array}{l} \text{Estimated} \\ 28.8 \\ \left(\begin{array}{l} \text{Excess in Tax Revenue} \end{array} \right) \end{array} \\
 & & \begin{array}{l} \text{Additional Resources} \\ 3.2 \\ \left(\begin{array}{l} \bullet \text{ Transfer from General Account} \\ \bullet \text{ Non-tax Revenue} \end{array} \right) \end{array} \\
 & + & \\
 & = & \boxed{32.0}
 \end{array}$$

(※) Income Tax (25yrs), Corporate Tax(3yrs ⇒ 2yrs), Local Income Tax (10yrs)