

# OKAYAMA KENKOOO DAISAKUSEN: One of the largest “enterprise partnership-type social impact bonds” in Japan endeavouring to improve residents’ health by utilising investment by local businesses and residents

Okayama City



## Background to the Project

**Harnessing residents’ vitality to close the gap between long average life expectancy and short healthy life expectancy**

With a population of approx. 710,000, Okayama City has a longer average life expectancy but shorter healthy life expectancy than other cities of similar size, and healthcare costs for lifestyle-related diseases for residents aged 65 years or older are higher than the national average.

To improve residents’ quality of life and minimise incurred healthcare costs, in 2014 Okayama City launched the “Health Point Project” with assistance from the National Government. This project utilizes incentives such as gift certificates as a means of encouraging residents to improve their health, aiming to close the gap between average life expectancy and healthy life expectancy.

Due to concerns that the project will become difficult to maintain with only National Government subsidies and municipal funding as the circle of activities widens, Okayama City considered various methods for switching to a sustainable system, ultimately adopting a funding method that utilises “Social Impact Bonds (SIB)”, a new mechanism for public-private cooperation originating in the UK.

## Project Aims

**By implementing initiatives to extend the healthy life expectancy through engagement with the private sector, the project aims to encourage the improvement of residents’ quality of life as well as lighten the heavy burden of healthcare costs and promote the healthcare industry.**

## Project Outline

**The more residents utilise health improvement-related initiatives and services, the more points they accumulate. Users can receive various special gifts in accordance with the number of points they accumulate.**

Project Name: OKAYAMA KENKOOO DAISAKUSEN

Period: April 2019 – March 2022 (three fiscal years)

Eligible age: 35 years or older

Maximum number of participants: 15,000

Project Details:

- Participants accumulate points every time they use a service related to health improvement, such as “Exercise”, “Nutrition and Diet”, and “Social Participation”.
- The number of points each participant acquires is publicly displayed on the project’s website, and participants receive special gifts (gift certificates, welfare grants, etc.) in accordance with rankings for each fiscal year.



Poster



Points are awarded.

**Features and Innovation of the Project**

**An innovative experiment in procuring funding from the private sector that is unique even among local government measures in Japan**

**1. Public-private cooperation: “Social Impact Bonds (SIB)” mechanisms**

(1) In implementing the project, project trustees appointed by the municipal government collect social investments (30 million yen) from local businesses and residents, and this capital is used to create health improvement services in cooperation with “Exercise”, “Nutrition and Diet”, and “Social Participation” related companies.

(2) An evaluation agency assesses the extent to which the health improvement performance indicators predetermined by the municipal government have been achieved, and the municipal government pays the trustees accordingly.

**2. Growing into Japan’s representative SIB project**

In virtually all previous SIB projects conducted in Japan, companies providing services participated in the project as individual units. For this project, however, more than 10 local companies providing “Exercise”, “Nutrition and Diet”, and “Social Participation” related services are participating, making one of the largest SIB projects in Japan (total project cost: 370 million yen).

**Results of the Project**

**1. The project was seen to promote residents’ voluntary efforts to improve their health, as**

**well as partially curb healthcare costs.**

Effects have become apparent regarding residents’ efforts to improve their health, such as increases in the number of steps they walk daily and decreases in the number of residents who are overweight.

**2. The project presents a new way of procuring funding for innovative initiatives, for which government investment is said to be difficult.**

This project makes it possible to reduce the risk of investment for government agencies by enabling the city to attempt a trial project—for which securing a budget is usually difficult—by harnessing the strength of social investors, with the only costs generated being payments based on performance.



Fitness activities at Okayama Castle

**Issues and Responses**

**Creating an appealing menu of services to encourage large numbers of residents to participate and procuring the funding to do this**

- While the maximum number of participants being recruited for the project is 15,000, Okayama City’s population aged 35 years or older is approx. 420,000. Therefore, developing an appealing menu of services as well as a sustainable funding and operational system, so as to provide these services to a large number of residents, is regarded as necessary for widening the circle of activities.

- Shifting towards initiatives in line with measures to prevent the spread of COVID-19 and post-COVID-19 lifestyles is thought to be necessary.

**Future Developments**

**In addition to fostering a sense of health**

**improvement among all residents and promoting the diversification of service providers and environmental improvements, Okayama City is aiming to become a city where the users and providers of services are two halves of one whole, with residents undertaking health improvement activities in their daily lives as a matter of course.**

By promoting the understanding of SIB projects, Okayama City aims to provide a diverse menu of services related to “Exercise,” “Nutrition and Diet,” and “Social Participation,” as well as increase the number of service providers in the city, thereby realising an environment in which residents can enjoy such services as a matter of course.

Moreover, as the project participants’ efforts to improve their health become habit, these habits will have a positive impact on and affect their family members, coworkers, and friends. By using this momentum, Okayama City is aiming to create a huge movement involving the entire city that leads to the prevention of lifestyle diseases, the reduction of healthcare costs, and ultimately a longer healthy life expectancy for residents.

#### **Reference URLs**

<http://www.city.okayama.jp/kurashi/0000008033.html>

(Okayama City Official Website is available in Japanese with multilingual translations services provided.)

<https://kenkooo.jp/>

(OKAYAMA KENKOOO DAISAKUSEN website is available in Japanese only)

#### **Contact**

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#### **Key Terms**

◆Average life expectancy

Prediction of “average life span” based on statistics related to how many years a person will live from the time they are 0 years old.

◆Healthy life expectancy

Period of time during which a person is able to live healthily with no restrictions on their daily activities.

◆Social Impact Bonds (SIB)

A new mechanism for public-private cooperation that began in the UK, whereby investors provide funding and services in order to resolve social issues, with government bodies later making payments based on predetermined performance indicators.