Article

Annual Nationwide Eco-Efficiency Assessment of Japanese Municipalities Based on Environmental Impact and Gross Regional Product

Junya Yamasaki1*, Toshiharu Ikaga2, and Norihiro Itsubo3

1 Graduate School of Science and Technology, Keio University, 3-14-1 Hiyoshi, Kohokuku, Yokohama, Kanagawa 223-8522, Japan
2 Faculty of Science and Technology, Keio University, 3-14-1 Hiyoshi, Kohokuku, Yokohama, Kanagawa 223-8522, Japan; ikaga@sd.keio.ac.jp
3 Faculty of Environmental Studies, Tokyo City University, 3-3-1 Ushikubonishi, Tsuzukiku, Yokohama, Kanagawa 224-0015, Japan; itsubo-n@tcu.ac.jp
* Correspondence: woodenbat@a6.keio.jp; Tel.: +81-45-566-1770

Abstract: It is important for enterprises to decide their environmental policies after carefully examining their future paths based on the relationship between the environment and the economy. This study focused on Japanese minimum administrative divisions (municipalities) and attempted to quantify the annual environmental efficiency of production activities within each division according to the theory of life-cycle impact assessment (LCIA). This study leverages the assessment theory LIME2, which is an endpoint-type LCIA method developed in 2010 that integrates environmental loads for certain impact categories, such as global warming and land use into a simple indicator by monetary unit. First, annual environmental impact assessments were conducted for all Japanese municipalities based on statistical information that was reliable, verifiable, and comparable. Next, the environmental efficiency of productivity for each division was conceptualized by dividing the gross domestic product by the environmental damage amounts as calculated above. Assessment results for each municipality were placed on a map of Japan in order to visualize the regionality of each indicator. The findings revealed in this study will aid public administrators in their decision-making process with respect to environmental policies.

Keywords: LCIA method; local government; statistical information; gross regional product; environmental accounting

1. Introduction

Recent international frameworks such as the Sustainable Development Goals (SDGs) and the Paris Agreement have been enacted to promote global cooperation toward achieving environmental conservation. In this context, it has become important for companies to create environmental policies after carefully examining their future plans and considering their relationships with the environment and the economy. In Japan, the Ministry of the Environment published “Environmental Accounting Guidelines 2005” [1], which lays out the system by which an organization reports its environmental activities in monetary terms, and these guidelines have been widely adopted and utilized by Japanese companies. The revised version, “Environmental Reporting Guidelines 2018” [2], describes a unified principle of environmental conservation applicable to all domestic organizations and seeks to promote environmental accounting more aggressively. It has therefore become increasingly important for enterprises in Japan to recognize,
quantitatively measure, and express their own environmental impacts in order to build a more sustainable society.

The trend of enterprises self-reporting their environmental activities both quantitatively and monetarily emerged in the early 1990s, and many private companies in Japan have been early adopters. Some public agencies, such as local governments, have also actively introduced this approach into their financial accounting practices in recent years. For example, the cities of Yokosuka and Sabae publish environmental accounting on an annual basis using one-of-a-kind methods [3–4]. Incidentally, for a similar example overseas, the local government of Eurobodalla Shire in Australia publishes annual statistics on its sustention of assets with respect to environmental conservation [5]. However, compared with private companies, it may be more difficult for local governments to measure the environmental loads of their own administrative divisions in an objective way, because of the wide scope required for a complete assessment. Moreover, no environmental accounting guidelines for public agencies have been officially provided in Japan, whereas private companies can make use of the “Environmental Accounting Guidelines 2005.”

Although the United Nations published “The System of Environmental-Economic Accounting (SEEA)” [6], an international standard framework that integrates economic and environmental information, in 2012, a scientific methodology for calculating environmental impacts based on specific indicators was not included. Therefore, local governments around the world must devise their own individual methods for evaluating the costs of environmental impacts. Under such circumstances, it is hard to say that environmental accounting is widely used by public agencies in Japan, especially when compared with private companies.

In the research field of life-cycle assessment (LCA), there is an idea of life-cycle impact assessment (LCIA), which is a concept whereby environmental loads throughout the life cycle of products and services are measured in a quantitative way. Included in the LCIA process is “integration,” which is the methodology whereby a number of environmental loads that affect various impact categories, such as global warming, air pollution, and land use, are integrated into an assessment result represented by a simple indicator. Assessment methods that include the theory of integration, such as ExternE [7] and EPS [8], have already been developed. However, there have so far been no cases in which this theory was officially incorporated into the environmental accounting of local governments in Japan in order to calculate the environmental loads within their administrative divisions. Previous studies that measured the environmental loads of spatial scopes, such as countries and regions, have reported results using several values, including carbon footprint and land footprint [9–13]. However, a methodology incorporating these approaches for environmental accounting in Japan has not been established, nor are there any international standards. It is therefore possible that the LCIA may prove beneficial in helping to construct a unified methodology for environmental accounting of local governments, which they can use to make informed decisions concerning local environmental policies.

This study focused on minimum administrative divisions (municipalities) in Japan and, using the LCIA method, attempted to comprehensively measure environmental loads emitted in each division during a certain period. This study leverages the assessment theory Life-Cycle Impact Assessment Method Based on Endpoint Modeling 2 (LIME2) [14], which was developed in 2010. This is an endpoint-type LCIA method and can be used to calculate environmental impacts that reflect environmental conditions and knowledge unique to Japan. LIME2 incorporates the “integration” theory of LCIA and calculates assessment results in monetary units called the “Eco-index Yen” (unit: Japanese yen) while integrating the environmental loads of several impact categories. Using this system, public administrators can compare the specific policy effects of different categories, and this is expected to aid each administrative division in making wise investments toward environmental conservation assessments. Naturally, it is impossible to understand everything happening within each division. Therefore, the aim of this study was to capture the circumstances of local governments with respect to environmental accounting as comprehensively as possible within the range of LIME2, using statistical information available in Japan. The assessment results of environmental loads were divided by the area and population of
each municipality to quantify environmental efficiency during a given period according to certain
criteria. Finally, the environmental efficiency of productivity (unit: dimensionless) was
conceptualized for each administrative division, by dividing the annual gross regional product
(GRP; unit: Japanese yen) by the annual values of environmental loads (unit: Japanese yen). The
results were placed on a map of Japan to visualize the regionality of these concepts. Through
comparative examination of the environmental efficiencies of Japanese municipalities based on these
indicators, this study sought to provide new insights to aid public administrators in their
decision-making process with respect to environmental policies.

2. Assessment Method

2.1. Basic Assessment Points

This section describes basic points for assessing comprehensive environmental loads and the
environmental efficiency of administrative divisions of Japanese municipalities. First, the period for
assessment is defined as one year, based on the assumption that assessment results will correspond
to the fiscal years of local governments as well as the enterprises in their administrative division,
which will allow for definitive comparisons of industrial and environmental statistics. For the
purposes of this assessment, the year 2015 was chosen. Further details are described below.

Second, the counting scope for assessing environmental loads is defined in accordance with the
role of the local government. According to Japanese law, local governments shall autonomously and
comprehensively carry out public administration mainly for the purpose of improving the welfare of
local residents. Thus, this study defines the counting scope of environmental loads as all operations
carried out within the area of the administrative division and within the range for which the
required statistics are as available, based on the assumption that municipalities have responsibilities
providing them a broad perspective of the current circumstances throughout their divisions. This
includes not only the public-works operations led by municipalities, but also the operations of
private companies and households. Incidentally, it excludes of household statistics when calculating
the environmental efficiency of productivity. Further details are described below.

2.2. Summary of LIME2

LIME2 is an endpoint-type LCIA method developed in Japan and is based on environmental
conditions and knowledge unique to Japan. LCIA systems generally comprise two processes,
characterization and integration. Characterization is a process for measuring the environmental
impacts of products and services throughout their life cycles on a specific impact category.
Integration is a process for obtaining an assessment result for a single indicator, by integrating the
environmental impacts of several impact categories. The assessment theory of LIME2 includes both
of these processes and shows their assessment results as the cost of environmental impacts over a
certain period with the monetary indicator Eco-index Yen (unit: Japanese yen), which is defined in
this theory. The assessment framework of LIME2 is shown in Figure 1.

The framework of LIME2 has 13 impact categories (e.g., urban air pollution and global
warming), and several inventories are designated for each impact category (PM10 and CO2).
Damage assessments are conducted for each impact category endpoint (respiratory illness and
disaster damage). For each category endpoint, impact assessments are performed for 4 safeguard
subjects: human health, social assets, biodiversity, and primary production. Finally, the results of
these impact assessments are integrated into a single indicator. Through the process of integration,
the assessment results of the 4 safeguard subjects are weighted by conjoint analysis based on a
questionnaire survey of people’s values in Japan. Using this method, the assessment results are
converted into a monetary value that can be viewed as a reflection of Japanese environmental
thought. By using this approach, the environmental loads of several inventories become comparable.
The single indicator is directly obtained by multiplying the prepared factors (integration factors) with corresponding inventory data and summing these values. The calculation formula is as follows.

\[ SI = \sum_{X} Inv(X) \times IF(X) \] (1)

\( SI \): Single indicator (Eco-index yen) [yen]  
\( Inv(X) \): Inventory of substance X [kg]  
\( IF(X) \): Integration factor of substance X [yen/kg]

The integration factors of two impact categories, photochemical ozone and atmospheric pollution, are provided by regions in Japan in order to calculate the environmental impact as a reflection of each environmental condition, such as climate. But this study used the integration factors provided as a standard value for all regions in Japan to assess all impact categories uniformly because one purpose of this study was to assess all administrative divisions based on the same conditions in order to compare the results according to differences in inventory data from this study alone.

The ability of LIME2 to assess the environmental loads emitted in administrative divisions by a single monetary indicator provides public administrators with valuable information for comparing the effects of their measures across different environmental fields. Such information is expected to be useful for allocating environmental conservation funds for local governmental budgets. Moreover, this system provides residents with easy-to-understand information about their local environmental situation, thanks to assessment results described as a clear indicator that anyone can understand.

Other LCIA methods used around the world, such as ExternE and EPS, calculate different environmental impacts as a single indicator. However, LIME2 is the most appropriate method for the purpose of this study because of the advantages described above, and thus this study leveraged its framework to assess municipalities in Japan.

Figure 1. LIME2 assessment framework [14]
2.3. Geographic Location of Environmental Loads

This section describes the locational perspective of environmental load. It is necessary to standardize the method for calculating the individual transboundary movement of products between divisions in order to measure environmental loads emitted from spatial objects, which is the purpose of this study. For example, if environmental loads have trended downward in a certain division which is home to various manufacturing facilities, this outcome should not be interpreted as the sole effort of the municipality because the divisional cooperation of industry has been established in modern society. Thus, this study proposed two principles for assessing Japanese divisions: territorial occurrence and territorial consumption. Territorial occurrence is defined as the environmental loads emitted through the life cycle of products, such as production, consumption, and disposal, and it was counted in administrative divisions where these operations were carried out. In contrast, territorial consumption is defined as the environmental loads counted in the administrative division where the products were consumed—in other words, an accurate assessment of the environmental impact of the products was achieved. For example, when a product was produced in area A and consumed in area B, the environmental loads emitted through the production of the product were counted in area A under the former principle and in area B under the latter.

An assessment based on the principle of territorial consumption is ideal for capturing the individual effort and responsibility of each municipality. For such an assessment, it is necessary to prepare inventory data reflecting the transboundary movement of products between all divisions domestically and internationally. However, it is not easy to clarify industrial structure numerically at the municipal level in Japan. Accordingly, the principle of territorial occurrence was chosen for this study because of its precision with respect to assessment results and the availability of required data. This allowed for a focus on the practical calculation of environmental loads in administrative divisions nationwide. Moreover, the value of environmental loads based on this principle appeared to be comparable to the value of GRP for each administrative division because GRP is counted in the divisions where the added values are produced. Further details are described below. Development of an assessment method based on the principle of territorial consumption will be a challenge for the future.

2.4. Responsibility of Municipalities for Environmental Loads

This section describes the responsibility of municipalities for the environmental load assessment results in this study, which should be defined because LIME2 shows the calculated results as a monetary indicator. LIME2 is supposed to be utilized in Japan. However, the area affected by environmental impacts, such as regions within Japan, Japan as a whole, and the entire world, differ between each impact category. For example, the impact area of respiratory illness caused by air-pollution substances is limited to a certain region where these particles are suspended in the atmosphere. In contrast, the impact area of global warming caused by greenhouse gases (GHGs) is the entire world. The assessment theory of LIME-2 is based on individual impact areas according to each impact category. Therefore, the assessment results based on this method include environmental loads that affect foreign countries in part or in total, so it may be excessive for Japanese municipalities to interpret these results as their individual responsibilities. It is necessary to arrange these concepts in order to apply this method to municipalities.

This study takes the position that the Japanese government has complete responsibility for the environmental loads emitted within Japanese territory. To explain municipalities’ responsibilities for their impact on foreign countries, Japan is a member of several international organizations, including the United Nations, and is recognized as a nation with a great responsibility for the global environment as a leading member of the international community. As such, the Japanese nation must take full responsibility for environmental loads caused by operations within Japanese territory that have impacts on the global environment. Accordingly, this study defines all environmental loads calculated in Japan as being counted toward the total damage on environmental assets both at home and abroad, where responsibility belongs to the Japanese government. Here, environmental
assets are interpreted as the 4 safeguard subjects mentioned above: human health, social assets, biodiversity, and primary production. The assessment results expressed as a monetary unit is called the “damage amount on environmental assets” in this study. Based on this interpretation, municipalities shall uniformly be responsible for individual damage amounts because they are part of the Japanese nation. This study interprets the assessment results as described below.

2.5. Survey of Statistical Information

This section describes the preparation of LIME2 inventory data from statistical information in Japan. The LIME2 assessment framework comprises 13 impact categories, each of which is made up of several inventory items. However, because it was not practical to prepare all these inventory data, it was necessary to select which items to include based on a consideration of the assessment purpose, availability for information, and accuracy of the collected data. Thus, the availability of statistical information for all inventory items at the level of Japanese municipalities was surveyed before starting the study.

Publicly available statistical information that was uniformly collected or estimated by governmental agencies in Japan was used to ensure that the inventory data was reliable, verifiable, and comparable across all divisions in order to make a valid assessment of Japanese municipalities nationwide. Specifically, statistical information from the year 2015 was chosen because a comparatively large number of relevant statistical investigations was conducted that year. When data for 2015 was not available, data from the year closest to 2015 was used instead. Japan consists of 47 prefectures, which in turn consist of 1,747 municipalities. This study prioritized the uniform use of statistical information across all Japanese municipalities, with an aim to provide useful knowledge to local governments throughout the country. When statistical information at the municipal level was unavailable it was estimated based on information collected at the prefectural level. In the end, the statistical information of 6 municipalities, including isolated islands, was insufficient and therefore removed from the assessments in this study. These survey results are shown in Table 1, which describes the inventory items for which data was available, the number of these inventory items, the government ministry that conducted the statistical investigation, the indicator for the assessment of municipalities in this study, and the minimum administrative unit for which data was available, according to all 13 impact categories.

As shown in the rightmost column of Table 1, some inventory data was not available at the municipal level for the 4 impact categories resource consumption, acidification, urban air pollution, and road traffic noise. As previously mentioned, the solution to this problem was to estimate from the prefectural data, using a method published by the Japanese Ministry of the Environment [22]. As shown in the sixth tier of Table 1, the Ministry publishes statistical information about annual CO2 emissions at the municipal level. In this study, the CO2 emission data at the municipal level is estimated from the data at the prefectural level, based on proportion distribution using other indicators. The estimation formula is as follows.

\[
\text{Inv}_{\text{mun}}(X) = \text{Inv}_{\text{pre}}(X) \times \frac{D_{\text{mun}}}{D_{\text{pre}}}
\]

\(\text{Inv}_{\text{mun}}(X)\): Inventory data at the municipal level
\(\text{Inv}_{\text{pre}}(X)\): Inventory data at the prefectural level
\(D_{\text{mun}}\): Other indicator for proportion distribution at the municipal level
\(D_{\text{pre}}\): Other indicator for proportion distribution at the prefectural level
In its method, the Ministry used the indicators “shipment value of manufactured goods” in the manufacturing sector, “number of employees” in industrial sectors except manufacturing, “number of households” in the residential sector, and “number of automobiles owned in divisions” in the transportation sector, as the factors for “D” in Eq. (2). The Ministry explains that this is one of the simplest methods to estimate data at the municipal level from data at the prefectural level, and it is suitable for approximating the overall data for each administrative division in Japan. The required inventory data for each impact category at the municipal level was calculated for this study using the method based on Eq. (2).

Next, the points to note about statistical information shown in Table 1 are described below for each impact category. Regarding the CO₂ emissions in the global warming category, the Ministry of the Environment collects data on the emissions of 6 kinds of GHGs: CO₂, CH₄, N₂O, HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), and SF₆. The Ministry converts the greenhouse effects of these substances into the effect of CO₂ and their summations are published as the equivalent mass of CO₂. Accordingly, this study referred to this data as the emission of CO₂ and uniformly used the integration factor of CO₂ for these data. Incidentally, the 19 substances counted for global warming by the Ministry of Economy, Trade and Industry do not include these 6 kinds of GHG.

The data on land use comes from geographic information system (GIS) data published by the Ministry of Land, Infrastructure, Transport and Tourism. This data shows different kinds of land use, indicated as percentage per square kilometer. For this study, the data was converted for the administrative divisions of each municipality using ArcGIS (v 10.5) software. Assessment targets were limited to man-made land use types, such as paddy field, cropland, building site, road site, and other site (e.g., golf course).

### Table 1. Survey results for availability of LIME2 inventory data of collected by Japanese administrative divisions

<table>
<thead>
<tr>
<th>Impact category</th>
<th>Inventory (number) *</th>
<th>Ministry that conducted the investigation</th>
<th>Indicator for assessment</th>
<th>Administrative unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acidification</td>
<td>SO₂, NO₂ (2)</td>
<td>Ministry of the Environment [19]</td>
<td>Emission amount [kg]</td>
<td>Prefectures, and some municipalities</td>
</tr>
<tr>
<td>Atmospheric pollution</td>
<td>SO₂, NO₂ (2)</td>
<td>Ministry of the Environment [19]</td>
<td>Emission amount [kg]</td>
<td>Prefectures, and some municipalities</td>
</tr>
<tr>
<td>Road traffic noise</td>
<td>Travel distances by type of car (4)</td>
<td>Ministry of Land, Infrastructure, Transport and Tourism [21]</td>
<td>Travel distance [km]</td>
<td>Prefectures, and some municipalities</td>
</tr>
<tr>
<td>Indoor air pollution</td>
<td>Various chemicals (-)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* the inventory items which data was available, and number of these inventory items

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LIME2 assesses waste according to type, including paper, plastic, metal, and so on. But the required data on disposal condition according to type published in Japanese statistical information is incomplete. Therefore, this study used the integration factor prepared as a standard for all types of waste for the total disposal amount of all types of waste by each municipality. Incidentally, the inventory of industrial waste was reluctantly excluded as an assessment target in this study because the required data was not available at the prefectoral level. In most cases, the administrative divisions where industries operate are not the same as the divisions where their waste is disposed, particularly for industrial waste. These circumstances should therefore be noted in an assessment of municipalities such as this study. An assessment method based on the principle of territorial consumption mentioned above is particularly desirable to address the issues with this category.

For indoor air pollution, LIME2 assesses environmental loads based on the mass of toxic chemical materials produced in residential houses during construction and inhabitation. While these inventory data are required for assessment, it is not easy to collect or estimate these data for all residential houses in each administrative division. Moreover, this category does not correspond with the concept of assessing all municipalities nationwide. Accordingly, this category was excluded as an assessment target.

3. Assessment Results and Discussions

In this chapter, the environmental loads for the administrative divisions of Japanese municipalities nationwide are calculated based on the abovementioned methods, and these results are indicated with the monetary unit, the Eco-index yen. This indicator is called the damage amount on environmental assets, as previously mentioned.

3.1. Summation of Damage Amount

The summation of annual damages for Japan is shown in Figure 2. The total damage amount was 8.53 trillion yen. The impact category with the largest amount was global warming (2.82 trillion yen), followed by land use (2.33 trillion yen), domestic waste (1.24 trillion yen), biological toxicity (0.63 trillion yen), atmospheric pollution (0.61 trillion yen), and resource consumption (0.56 trillion yen). These 6 categories accounted for 96.1% of the total. Breakdowns of inventory data for 4 categories according to the total damage amount are shown in Figure 3. Building sites accounted for 61.0% of the total land use. Likewise, styrene accounted for 91.9% of biological toxicity, SOx accounted for 88.8% of atmospheric pollution, and crude oil accounted for 78.4% of resource consumption. A single inventory accounted for over half of the total in each of these categories. Incidentally, nearly the entirety of global warming consisted of the inventory data collected by Ministry of the Environment on 6 kinds of GHGs, including CO2. Moreover, the entirety of domestic waste was accounted for by a single inventory data, as previously mentioned. As these results show, the environmental loads for Japan according to each category and each inventory become comparable as a single monetary indicator quantitatively.

![Figure 2. Total damage amounts for Japan by impact category](image-url)
Next, the annual damages in individual municipalities were calculated. This section focused on two Japanese municipalities, the city of Yokohama in Kanagawa Prefecture and the town of Yusuhara in Kochi Prefecture. The former is located in a large urban area and the latter is located in mountainous region. The summations of damages in these administrative divisions are shown in Figure 4. The total amount for Yokohama was 144 billion yen, while that for Yusuhara was 455 million yen. These results reflect the respective population sizes and economic scales of the two municipalities. For Yokohama, the percentages for global warming, domestic waste, biological toxicity, and resource consumption were higher than national average due to the manufacturing and service industries that are active in this division, and thus the related environmental loads are comparatively large. For Yusuhara, the percentage for land use was higher than the national average because agriculture (mainly rice) is the main industry in this division.

### 3.2. Damage Amount per Unit Area and per Capita

The environmental loads for individual municipalities calculated above were largely related to their areas and population sizes, and the damage amount tended to be bigger for larger municipalities. Thus, this study attempted to calculate the damage amounts per unit area and per capita for all municipalities nationwide and to divide these amounts by the administrative areas and their populations in 2015. This made it possible to compare their environmental loads separately from their scales and to examine their qualities from various perspectives. The calculation results are...
shown in Table 2, which lists the average, standard deviation, and variation coefficient for the damage amounts per unit area and per capita for all Japanese municipalities by each impact category. The variation coefficient was calculated by dividing the standard deviation by the average, and it shows the relative variation in the data.

### Table 2. Statistical value of damage amounts for municipalities

<table>
<thead>
<tr>
<th>Impact category</th>
<th>Damage amount per area for municipalities</th>
<th>Damage amount per capita for municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average [yen/km²]</td>
<td>Standard deviation [yen/km²]</td>
</tr>
<tr>
<td>Ozone layer destruction</td>
<td>1.41×10⁵</td>
<td>3.92×10⁶</td>
</tr>
<tr>
<td>Photochemical ozone</td>
<td>2.29×10⁶</td>
<td>1.90×10⁶</td>
</tr>
<tr>
<td>Human toxicity</td>
<td>4.29×10⁵</td>
<td>4.68×10⁶</td>
</tr>
<tr>
<td>Biological toxicity</td>
<td>6.75×10⁶</td>
<td>4.01×10⁷</td>
</tr>
<tr>
<td>Eutrophication</td>
<td>1.51×10⁻¹</td>
<td>3.21×10⁸</td>
</tr>
<tr>
<td>Global warming</td>
<td>2.07×10⁷</td>
<td>5.37×10⁷</td>
</tr>
<tr>
<td>Land use</td>
<td>1.45×10⁹</td>
<td>1.46×10⁹</td>
</tr>
<tr>
<td>Resource consumption</td>
<td>3.91×10⁶</td>
<td>1.12×10⁷</td>
</tr>
<tr>
<td>Acidification</td>
<td>4.31×10⁶</td>
<td>9.84×10⁸</td>
</tr>
<tr>
<td>Atmospheric pollution</td>
<td>6.59×10⁶</td>
<td>2.24×10⁷</td>
</tr>
<tr>
<td>Domestic waste</td>
<td>7.82×10⁶</td>
<td>1.54×10⁷</td>
</tr>
<tr>
<td>Road traffic noise</td>
<td>1.19×10⁶</td>
<td>1.71×10⁸</td>
</tr>
<tr>
<td>Total</td>
<td>7.42×10⁷</td>
<td>1.79×10⁹</td>
</tr>
</tbody>
</table>

Number of samples: 1741

The averages of total damage amount per unit area and per capita were calculated as 74.2 million yen/km² and 102,000 yen/capita, respectively. The top three amounts per unit area were global warming (20.7 million yen/km²), land use (14.5 million yen/km²), and domestic waste (7.82 million yen/km²). The top three amounts per capita were land use (46,700 yen/capita), global warming (25,700 yen/capita), and domestic waste (9,610 yen/capita). The wide range of differences between the average amounts per unit area and per capita in accordance with each impact category is due to the wide range of land area and populations of municipalities throughout Japan. The variation coefficients for ozone layer destruction, photochemical ozone, human toxicity, biological toxicity, and eutrophication were much higher than the total values, suggesting the damage amounts for these categories varied comparatively between municipalities. The inventories of these categories include the toxic chemical substances produced continually from specific industries, such as the heavy chemical industry. Therefore, there tended to be major disparities between municipalities according to the kinds of industries within their divisions.

### 3.3. Regionality of Damage Amount

In this section, the assessment results for all municipalities calculated in the previous section are shown in a map of Japan in order to visualize the regionality of environmental loads. The total damage amount per unit area and per capita for Japanese municipalities nationwide is shown in Figure 5. Here, the damage amount for all municipalities is shown so that map colors represent 10% increments of cumulative frequency distribution. The damage amount per unit area tended to be higher in more densely populated areas. In particular, the rate was much higher in the three major metropolitan areas of Japan, including the national capital region (around Tokyo and Yokohama), the Kinki region (around Osaka), and the Chukyo region (around Nagoya). The rate was also higher in and around Fukuoka and Sapporo. In contrast, the rate was lower in sparsely populated areas, such as inland mountainous regions. This distribution is extremely similar to the distribution of population density in Japan, indicating a deep relationship between these indicators.
In contrast with the damage amount per unit area, the amount per capita tended to be lower in densely populated areas, such as parts of the three major metropolitan areas. At the same time, it tended to be higher in sparsely populated areas, such as inland mountainous regions. In some urban areas, the absolute damage amount was higher but the population tended to be concentrated at a rate higher than that of the damage amount. It therefore may be suggested that environmental efficiency was comparatively better around urban areas in Japan from the perspective of environmental loads per capita. However, agricultural crops and manufactured goods are produced outside of urban areas but are consumed in urban areas in Japan so it is essential that an assessment theory based on the principal of territorial consumption mentioned above be developed so that this hypothesis may be accurately verified.

The assessment results by impact category are shown on a map of Japan. The damage amounts per unit area and per capita by Japanese municipalities for the top 5 categories, shown in Figure 2 (global warming, land use, domestic waste, biological toxicity, and atmospheric pollution) are shown in Figure 6. The distributions of damage amount per unit area were very similar among the 4 categories global warming, land use, domestic waste, and atmospheric pollution. The rates for these categories tended to be higher in urban and suburban areas. Because the emissions of chemicals related to global warming and atmospheric pollution are comparatively large from not only the industrial sector but also the service and transport sectors, these damage amounts tended to be high in densely populated areas, regardless of the kind of industries located within these areas. Naturally, the damage amounts for land use and domestic waste also tended to be higher in densely populated areas. In contrast, the rate for biological toxicity was the only category to not show a relationship with population distribution on the map. The result of this category was not particularly biased nationwide because the damage amount for this category was largely affected by the specific industry located in a given area, regardless of its population.

Certain categories showed different distributions between damage amount per capita and the amount per unit area. In particular, the rates for global warming, land use, and atmospheric pollution were lower in the central parts of the three major metropolitan areas. This was reflected in the results that the populations were larger than the absolute damage amount for each category in these areas, as described above. But there were some exceptions in the suburbs of these areas. The
Figure 6. Assessment results for each impact category by Japanese municipalities nationwide
(left column, damage amount per unit area; right column, damage amount per capita)
rates for global warming and atmospheric pollution were higher in parts of the areas surrounding the national capital region and the Kinki region. These areas have some industries that actively support the local economies but the population is not as concentrated as in the heart of the metropolitan areas, and these reasons are reflected the results.

Taking a closer look at the amount per capita for each category, the rate for global warming tended to be higher in cold areas, such as Hokkaido (the northern island that includes Sapporo), in the coastal areas of western Japan, and in some suburban areas, as described above. In Hokkaido, heating energy consumption was larger in colder areas, including in the household sector. Heavy industry has been active in the coastal areas of western Japan for a long time. There are industrial zones in the coastal areas throughout the country, which is also reflected in the results for atmospheric pollution. The rate for land use was much lower in densely populated areas, in contrast with the amount per unit area, suggesting that environmental efficiency may be higher in more densely populated areas, particularly from the perspective of residential land use. The rate for domestic waste showed a different distribution for amount per capita than per unit area, but it did not show a particular relationship with population distribution on the map. As shown the rightmost column of Table 2, the variation coefficient of this category per capita was the lowest among all categories, indicating that the disparity for this rate was comparatively narrow across all municipalities nationwide. The rate for biological toxicity was the only category to show a similar distribution between amount per unit area and per capita. Because this category was affected by the specific industries in a given area, both distributions were independent from other categories.

3.4. Environmental Efficiency for Productivity

Annual environmental loads for all municipalities were assessed under the principle of territorial occurrence in the previous sections. These assessment results tended to be higher in administrative divisions with more active industries. Therefore, it is not appropriate to directly judge the environmental efficiency of municipalities based on this indicator per unit area and per capita alone. In order to measure this concept more accurately, the benefits realized from the processes resulting in these damage amounts must also be quantified and their rates must be calculated. There are also some indicators that measure the annual benefits of activities within administrative divisions. GRP is one of the most representative indicators for this purpose and statistical information is available for each municipality in Japan. This study therefore attempted to conceptualize the environmental efficiency of administrative divisions by using this indicator. GRP is total amount of value added by all industries in a given division over a given period and is indicated by a monetary unit. Gross domestic product is commonly used as the indicator at the national level and GRP is the same indicator at a regional level within a country. Accordingly, this study defined the unique index for the added value per unit of damage amount (unit: dimensionless) by dividing the value of GRP (unit: Japanese yen) by value of damage amount (unit: Japanese yen). This indicator is called the “environmental efficiency for productivity” in this study, and the calculation formula is as follows.

\[
(\text{Environmental efficiency for productivity}) \,[\cdot]\ = \frac{(\text{GRP}) \,[\text{yen}]}{(\text{Damage amount}) \,[\text{yen}]} \quad (3)
\]

This study referred to the statistical information on GRP for each municipality published by Ministry of Economy, Trade and Industry. Because statistical research was not conducted in 2015, the data from 2016 was used instead. Furthermore, the indicator for normal GRP was used, which is based on commodity prices in 2016. It was also necessary to recalculate the damage amounts for certain sectors that were assessable by GRP indicators in order to make them correspond to both indicators for the assessment. Thus, the damage amount was limited to the amount for the industry sector (which includes the service industry) in all impact categories; the amounts for the household and transport sectors were excluded in this section. This damage amount indicator is called the “production damage amount”. For example, the CO2 emissions related to consumption of heating
energy by households was not included in the damage amount for the global warming category. Additionally, the damage amounts for domestic waste and road traffic noise were excluded because these amounts were wholly caused by the household and transport sectors. The damage amounts for land use were also reluctantly excluded because they were impossible to classify for certain sectors due to the nature of the statistical information. Incidentally, it is preferable to use damage amounts under the principle of territorial occurrence in this section because the administrative division where the added value was counted is same division where the related environmental load was emitted.

In economics, “flow” is the amount that something changes over a given period of time and “stock” is the storage of something at a particular point in time. The indicators of GRP and production damage amount both measure the flow within administrative divisions, and thus environmental efficiency for productivity can be interpreted as an index of the relationship between the amount of change for both indicators over a given period.

Based on these conditions, the assessment results of GRP per capita and environmental efficiency for productivity for all municipalities are shown in Figure 7. These values are shown so that map colors represent 10% increments of cumulative frequency distribution. Here, the median value of environmental efficiency for productivity for all municipalities was calculated as 65.5. Accordingly, values higher than the median are represented by cold colors (blue) and lower values are represented by warm colors (red) for each administrative division on the map of Japan.

The GRP per capita tended to be higher in the Chubu region (the central part of Japan that includes Nagoya). This can be explained by the concentration of the automotive and the electronics industries in the region, and these industries contribute a large added value. The electronics industry in particular is active in the inland area of the Chubu region. Moreover, the rate tended to be higher in certain coastal areas around the national capital region and western Japan where heavy industries are concentrated.

The rate for environmental efficiency for productivity also tended to be higher in the Chubu region. In these areas GRP per capita was higher and production damage amount per capita was comparatively lower so the rate was higher than the national average. In particular, it was suggested...
that the automotive industry produced large benefits relative to its environmental loads. Similarly, the benefits produced by the electronics industry were large relative to the unit size of its products, so the value added is larger than the environmental loads. In contrast, the rate tended to be comparatively lower in certain coastal areas around the national capital region and western Japan because the GRP per capita was higher but the production damage amount per capita was also higher there. Heavy industries produce large benefits but their environmental loads are also large. The assessment results reflected the characteristics of these industries for each municipality.

The environmental efficiency for production was conceptualized for all Japanese municipalities based on this unique method, and it was possible to capture the regionality for the concept nationwide. However, these results were largely affected by the kind of industries in each area. As such, it will be a challenge for the future to calculate these amounts according to the type of business using more detailed statistical information. This would allow for a comparison of environmental efficiency for industries across all municipalities.

3.5. Assessment Result for Major City

This section focuses on the major municipalities that make up the urban areas of Japan and discusses their characteristics based on the assessment results calculated in the previous sections. In Tokyo, the capital of Japan, the main area where the nation’s administrative functions are carried out is designated as a special ward. This area was treated as an administrative division for the municipality of Tokyo in this section. In addition, the 20 municipalities whose populations and economic scales are large are given a higher degree of autonomy than general municipalities in Japan. These municipalities are officially called government-designated cities. This study attempted to examine the current conditions of these 21 municipalities.

The assessment results of GRP per capita, production damage amount per capita, and environmental efficiency for productivity are shown in Table 3 along with the cumulative relative frequency for these indicators based on the assessment results for all Japanese municipalities. Cumulative relative frequency is an index that shows a position relative to all data in a constellation. Here, the top value for all municipalities is 100% and the bottom value is 0% for each indicator in Table 3. A graph that describes their assessment results is shown in Figure 8. This graph shows the value of production damage amount per capita on the horizontal axis and the value of GRP per capita on vertical axis. Each point represents a municipality. Thus, the slope of the line connecting the plot with origin point shows the value of environmental efficiency for productivity for each municipality. Accordingly, the more upper left on the graph a point is, the higher its environmental efficiency for productivity.

As shown in Table 3 and Figure 8, the top three municipalities in terms of GRP per capita were Tokyo (5.88 million yen/capita), Osaka (5.14 million yen/capita), and Nagoya (3.58 million yen/capita). These municipalities are the central locations of the three major metropolitan areas. The results reflect the thriving economic conditions in these municipalities. Additionally, 15 of the 21 municipalities had 80% cumulative relative frequency or greater. This meant that these municipalities were in the top 20% of all Japanese municipalities and that their productivity was comparatively higher than many of government-designated cities.

The top three municipalities in terms of Production damage amount per capita were Chiba (58,300 yen/capita), Osaka (56,300 yen/capita), and Kitakyushu (49,300 yen/capita). Chiba is located east of Tokyo in the national capital region, and Kitakyushu is located north of Fukuoka in Kyushu, which is the large island in the southwest part of Japan. Various industries supporting the local economy are active in these large urban areas. Accordingly, their results were comparatively higher from the perspective of environmental loads related to productivity.

The top three municipalities in terms of environmental efficiency for productivity were Tokyo (355.0), Saitama (327.0), and Fukuoka (316.9). In Tokyo, GRP per capita was high but the production damage amount per capita was comparatively low, so the environmental efficiency value for Tokyo was the highest of the 21 municipalities. Tokyo is also a hub of Japanese culture, and there are many large commercial facilities, entertainment facilities, and major media companies, such as...
Table 3. Statistical values of assessment results for 21 major municipalities in Japan

<table>
<thead>
<tr>
<th>Municipality</th>
<th>GRP per capita [yen/capita]</th>
<th>Production damage amount per capita [yen/capita]</th>
<th>Environmental efficiency for productivity [-]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sapporo</td>
<td>$2.00 \times 10^6$ (78.8%)</td>
<td>$2.98 \times 10^4$ (65.6%)</td>
<td>67.2 (53.1%)</td>
</tr>
<tr>
<td>Sendai</td>
<td>$2.96 \times 10^6$ (94.8%)</td>
<td>$2.07 \times 10^4$ (47.8%)</td>
<td>143.1 (89.1%)</td>
</tr>
<tr>
<td>Saitama</td>
<td>$2.16 \times 10^6$ (83.8%)</td>
<td>$6.60 \times 10^3$ (4.8%)</td>
<td>327.0 (99.3%)</td>
</tr>
<tr>
<td>Chiba</td>
<td>$2.39 \times 10^6$ (89.1%)</td>
<td>$5.83 \times 10^4$ (84.9%)</td>
<td>41.1 (27.4%)</td>
</tr>
<tr>
<td>Tokyo (special ward)</td>
<td>$5.88 \times 10^6$ (99.1%)</td>
<td>$1.65 \times 10^4$ (38.5%)</td>
<td>355.0 (99.6%)</td>
</tr>
<tr>
<td>Yokohama</td>
<td>$2.14 \times 10^6$ (83.2%)</td>
<td>$2.45 \times 10^4$ (56.9%)</td>
<td>87.3 (68.0%)</td>
</tr>
<tr>
<td>Kawasaki</td>
<td>$1.89 \times 10^6$ (75.0%)</td>
<td>$4.86 \times 10^4$ (80.5%)</td>
<td>38.9 (25.2%)</td>
</tr>
<tr>
<td>Sagamihara</td>
<td>$1.52 \times 10^6$ (57.2%)</td>
<td>$1.55 \times 10^4$ (34.3%)</td>
<td>98.0 (74.7%)</td>
</tr>
<tr>
<td>Niigata</td>
<td>$2.07 \times 10^6$ (81.2%)</td>
<td>$2.29 \times 10^4$ (33.3%)</td>
<td>90.5 (70.4%)</td>
</tr>
<tr>
<td>Shizuoka</td>
<td>$2.49 \times 10^6$ (90.4%)</td>
<td>$1.16 \times 10^4$ (21.9%)</td>
<td>214.8 (96.6%)</td>
</tr>
<tr>
<td>Hamamatsu</td>
<td>$2.32 \times 10^6$ (87.4%)</td>
<td>$1.27 \times 10^4$ (25.8%)</td>
<td>182.2 (94.1%)</td>
</tr>
<tr>
<td>Nagoya</td>
<td>$3.58 \times 10^6$ (97.0%)</td>
<td>$3.77 \times 10^4$ (73.5%)</td>
<td>95.0 (72.8%)</td>
</tr>
<tr>
<td>Kyoto</td>
<td>$2.22 \times 10^6$ (85.5%)</td>
<td>$2.95 \times 10^4$ (65.3%)</td>
<td>75.3 (59.0%)</td>
</tr>
<tr>
<td>Osaka</td>
<td>$5.14 \times 10^6$ (98.7%)</td>
<td>$5.63 \times 10^4$ (84.0%)</td>
<td>91.4 (71.0%)</td>
</tr>
<tr>
<td>Sakai</td>
<td>$1.80 \times 10^6$ (71.4%)</td>
<td>$2.99 \times 10^4$ (65.7%)</td>
<td>60.4 (45.5%)</td>
</tr>
<tr>
<td>Kobe</td>
<td>$2.39 \times 10^6$ (89.1%)</td>
<td>$2.17 \times 10^4$ (49.9%)</td>
<td>110.6 (80.7%)</td>
</tr>
<tr>
<td>Okayama</td>
<td>$2.17 \times 10^6$ (83.9%)</td>
<td>$3.38 \times 10^4$ (70.0%)</td>
<td>64.0 (49.3%)</td>
</tr>
<tr>
<td>Hiroshima</td>
<td>$2.52 \times 10^6$ (90.9%)</td>
<td>$3.48 \times 10^4$ (71.2%)</td>
<td>72.4 (57.0%)</td>
</tr>
<tr>
<td>Kitakyushu</td>
<td>$2.03 \times 10^6$ (79.5%)</td>
<td>$4.93 \times 10^4$ (80.9%)</td>
<td>41.1 (27.4%)</td>
</tr>
<tr>
<td>Fukuoka</td>
<td>$2.99 \times 10^6$ (94.9%)</td>
<td>$9.45 \times 10^3$ (12.8%)</td>
<td>316.9 (99.2%)</td>
</tr>
<tr>
<td>Kumamoto</td>
<td>$1.75 \times 10^6$ (68.9%)</td>
<td>$2.11 \times 10^4$ (48.6%)</td>
<td>82.9 (64.9%)</td>
</tr>
</tbody>
</table>

* Cumulative relative frequency based on all municipalities is shown in parentheses beside each value

Figure 8. A graph showing assessment results for 21 major municipalities in Japan
broadcasters and publishing firms. The environmental loads of these businesses are low relative to their benefits, which is one of the reasons for Tokyo’s assessment results. Similarly, in Saitama and Fukuoka the GRP per capita was high and the production damage amount per capita was low. The main industries in these municipalities are service businesses and the assessment results seem to reflect these conditions. Additionally, 7 of the 21 municipalities had over 80% cumulative relative frequency, and 16 municipalities had over 50%. This suggests that the environmental efficiency was comparatively high in many of the municipalities located in large urban areas in Japan, from the perspective of productivity.

The environmental characteristics of each municipality were captured multidirectionally by some of the indicators used in this study. This method made it possible to quantify the environmental efficiency of all Japanese municipalities using the same conditions as well as to figure out each municipality’s position relative to other municipalities by using a graph like that in Figure 8. This method has the potential to be widely adopted by local governments in Japan for use in environmental accounting and it may reveal promising examples of best practices throughout the country.

4. Conclusions

This study focused on Japanese minimum administrative divisions (municipalities) and attempted to quantify the annual environmental efficiency of production activities in each division by using the LCIA method LIME2. For this purpose, an assessment concept was designed and the availability of required data was surveyed from statistical information that was reliable, verifiable, and comparable. First, annual environmental impact assessments for all Japanese municipalities were conducted based on the framework of LIME2. The results revealed that the environmental damage amount for Japan was 8.53 trillion yen. The top three impact categories were global warming, land use, and domestic waste. The environmental characteristics of individual municipalities, such as Yokohama and Yusuhara were also captured. Next, the damage amounts were divided by the area and population of each municipality. When these results were placed on a map of Japan, tendencies related to population distribution and industrial activity were found. In particular, the damage amount per capita tended to be lower in urban areas, such as those in and around the three major metropolitan areas in Japan. Finally, this study conceptualized the environmental efficiency for productivity in each division by dividing the GRP by these damage amounts. These values tended to be higher in administrative divisions where there were active industries that produced large benefits relative to their environmental loads, such as the automotive and electronics industries. The value was also comparatively higher in Tokyo and in governmental-designated cities, most of which occupy central locations in regional economies throughout Japan. Taken together, new knowledge was obtained in this study that allows for the assessment of municipalities by applying the theory of LCIA.

The data required for assessment came from statistical information collected by the Japanese government. However, not all of the inventory data was available at the municipal level as currently structured in Japan. Therefore, a simple estimation method was used for the required data at the municipal level. In the future, it will be necessary to collaborate with various statistics institutes in Japan and to obtain more detailed statistical information from the private sector to carry out a more accurate assessment that will lead to the adoption of the LCIA method of environmental accounting by local governments. Additional future considerations include assessments according to type of business and the development of an assessment method based on the principle of territorial consumption. Finally, while this study described assessments of Japanese municipalities by using the LCIA method tailored for Japan’s unique conditions, it may be more important to expand this concept to rest of the world because sustainable development is becoming a common challenge worldwide. Therefore, it will be a future task to use a global-scale LCIA method to conduct an assessment of administrative divisions in every country and to disseminate information that will help local governments around the world build a sustainable society.
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References


