

Japan Student Services Organization
Social Finance Framework
April 2023

1. Independent Administrative Institution Japan Student Services Organization

1-1. Establishment, philosophy and purpose

Independent Administrative Institution Japan Student Services Organization (hereinafter referred to as "the Organization") is an Incorporated Administrative Agency based on the Act on the Japan Student Services Organization (Law No. 94 of 2003; hereinafter referred to as the "JASSO Act") it was founded on April 1, 2004 by rearranging and integrating the scholarship loan programs provided by the Japan Scholarship Foundation; the support programs for international students provided by the Association of International Education, Japan; the Center for Domestic and Foreign Students; the International Students Institute; the Kansai International Students Institute; and the scholarship programs for international students and the student support programs provided by the government.

As globalization progresses and intellectual creativity is getting important to support social development, there is a strong demand to foster creative human resources who can flexibly respond to changes in the times. For this reason, it is getting significant to foster students' exploration abilities, promote international understandings and develop study environments for students who are motivated and capable hereafter.

The Organization was established to achieve the aforementioned philosophy, aiming to "establish adequate educational environments for students studying at universities and other educational institutions in Japan and thereby contribute to developing the next generation of human resources who possess a rich humanity and creativity, and who are dedicated to promoting international mutual understandings" stipulated under Article 3 of the JASSO Act, and it has a basic policy for business to assume functions that are suitable for National Center on student support based on how to share roles between the government who supports students and universities, and the Organization is making efforts in order for motivated and capable students to have equal opportunities to study and spend free and meaningful campus life.

As a major initiative of the Organization in recent years, in addition to conventional scholarship loans, the Organization has been offering scholarship grants since April 2017. From April 2020, the scholarship programs were substantially expanded under the New Higher Education Support System. At the same time, as an emergency response to the spread of the novel coronavirus infection, we provided the "Emergency Student Support Handout for Continuing Studies" and implemented the "Emergency Special Interest-Free Loan Scholarship". The Organization also implemented measures to reduce the burden on students who have difficulty in repaying scholarship loans, and also focuses on providing prompt support to students affected by large-scale natural disasters.

In the "Grand Design of Higher Education toward 2040 " (Report by the Central Council for

Education , November 26, 2018), which outlines the human resources needed in 2040 and the ideal state of higher education, the following items are mentioned and the Organization is taking part in these measures.

"From the perspective of student support, "scholarship grants" and "income- based repayment postponement system for Category 1 interest- free scholarship loans" were started in 2017. Furthermore, in the "New Economic Package" (Cabinet decision on December 8, 2017) and "Basic Policy on Economic and Fiscal Management and Reform 2018" (Cabinet decision on June 15, 2018) , the government decided to expand tuition fee reductions and benefit-based scholarships for universities and other schools for children from low-income families starting in April 2020."

JASSO symbol mark



The green part, in the shape of the wing, represents young people opening up to their potential.
The orange part, in the shape of the palm of a hand, represents JASSO's role in supporting youth.
The two shapes combine to form the letter "S", which stands for the initial letter of "Student Services."
In addition, the green color of the wing represents the sound growth of the younger generation, and the orange color of the palm represents JASSO's philosophy and enthusiasm toward its activities.

1-2. Student support initiatives _

As a national center for student support, the Organization's activities are based on three pillars: Scholarship Programs for Japanese Students, Support Programs for International Students, and Student support Programs.

The Organization carries out three support programs and student support and contributes to the development of individuals who will be responsible for the next generation of society as a national center for student services that provides essential infrastructure to support the learning of our country's student. The Organization considers that the Organization 's programs will contribute to the achievement of UN Sustainable Development Goal(SDGs) Goal 4 of the SDGs, "Quality education," Goal 8, "Decent work and economic growth," and Goal 10, "Reduced inequalities."

The outline of the three programs is as follows:

① Scholarship Programs for Japanese Students

Under the philosophy of "equal opportunity for education" as stipulated in the Constitution and the Fundamental Law of Education, we provide scholarships for

achieving students who find it difficult to study due to financial reasons.

The Organization provides Category 1 Loans (interest-free) and Category 2 Loans (interest-bearing) for students attending graduate schools, universities, junior colleges, colleges of technology and specialized training colleges (post-secondary courses) who have difficulties in pursuing their studies due to financial reasons, as well as scholarship grants to students (excluding graduate students).

Proceeds financed through social finance are used for Category 1 Scholarship Loans and Category 2 Scholarship Loans.

The targets of Category 1 Scholarship Loans (interest-free) are students who are studying at universities, graduate schools, colleges of technology and specialized training colleges (post-secondary courses.) In addition, the targets of Category 2 Scholarship Loans (interest-bearing) are students who are studying at universities, graduate schools, colleges of technology (fourth and fifth graders) and specialized training colleges (post-secondary courses.) In selecting the scholarship students, the Organization selects the students comprehensively based on criteria such as personality, academic ability and family financial status.

② Support Programs for International Students

With globalization, the Organization implements various support programs for both the acceptance of international students and dispatch of Japanese students overseas to further promote international student exchanges.

To promote the positive and strategic acceptance of excellent international students, the Organization implements various support activities such as providing information on studying in Japan, implementing the Examination for Japanese University admission for International Students (EJU), implementing Japanese language and preparatory education, assistance and subsidies for schooling expenses, support for accommodations, promotion of international student exchanges, follow-up, and more, for all prospective, active, and former international students.

In order to provide aid to all motivated and capable Japanese students to study abroad, the Organization conducts various support activities, including payment and assistance for educational expenses and providing information on studying abroad.

③ Student support Programs

The Organization aids universities and other such institutions in carrying out career education/employment support and support for disabled students, by collecting and providing best practices, surveys, trainings, and other relevant items.

The Organization supports the promotion of career education at universities, such as diverse internship programs, and cooperates with industries to promote education provided through industry-government-academia collaboration by hosting seminars, etc., and collecting and publishing best practices.

In Japan, the number of students with disabilities who are enrolled in universities, etc. has been increasing, and the number of students with developmental disabilities, health impairment, and mental health issues in particular has been increasing rapidly. The Organization is involved in promoting programs, conducting surveys, creating handbooks and collections of best practices, hosting seminars, and more in order to support the improvement of the system for the support of students with disabilities at universities and other educational institutions.

Various surveys are conducted to ascertain the status of and support for student life. Seminars, etc., are also held to address pressing issues regarding student support.



2 . Social Finance Framework

The Organization has been issuing social bonds since 2018, and will start procuring social loans in FY2023 in order to promote understanding of the Organization's efforts to solve social issues among a wider range of investors. The framework is aligned with Social Bond Principles (SBP) 2021 set by the International Capital Market Association (ICMA), and Social Loan Principles 2023 set by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndication and Trading Association (LSTA), and Social Bond Guidelines 2021 edition by the Financial Services Agency of Japan and establishes guidelines for the following four pillars. The Organization will conduct procurement through social bonds and social loans based on this framework.

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of Proceeds
4. Reporting

The Organization's fund management is structured as follows, which is subject to the involvement of the government. Based on the medium-term goals set by the Minister of Education, Culture, Sports, Science and Technology in accordance with Article 29 of the Act on General Rules for Incorporated Administrative Agencies (Act No. 103 of 1999 ; hereinafter referred to as the ``Act on General Rules") , the Organization establishes a medium-term plan as defined in Article 30 of the Act on General Rules, which determines funding plans, short-term loan limits, etc., and is approved by the Minister of Education, Culture, Sports, Science and Technology. In addition, each fiscal year, business performance including fundraising, is evaluated by the Minister of Education, Culture, Sports, Science and Technology through a business performance report, based on the provisions of Article 32 of the Act on General Rules. For the issuance of bonds and the procurement of long-term loans, the approval must be obtained from the Minister of Education, Culture, Sports, Science and Technology pursuant to Article 19 of the JASSO Act.

As part of the organizational fund management initiatives at the Organization, a committee meeting is held annually to deliberate on policies and other matters related to private-sector fund procurement, and the annual funding plan is discussed in accordance with the Organization's Rules and Regulations.



2-1. Use of proceeds

The proceeds financed based on the Framework are used for scholarship loans for students who are unable to develop study environments due to financial reasons although they are motivated and capable. Specifically, proceeds financed through social loans are used for Category 1 Scholarship Loans and Category 2 Scholarship Loans, while proceeds financed through social bonds are used for Category 2 Scholarship Loans.

Accordingly, proceeds financed under the Framework are not used for any project except for the Project.

2-2. Process for Project Evaluation and Selection

The Organization screens scholarship students who are recommended by School Principal based on the JASSO Act, Order for Enforcement of the Independent Administrative Institution Japan Student Services Organization Act (Cabinet Order No. 2 of 2004), Ministerial Ordinance of the Independent Administrative Institution Japan Student Services Organization (Order of the Ministry of Education, Culture, Sports, Science and Technology No. 23 of 2004), and the operation procedures and regulations on scholarship loans stipulated by the Organization. Division in charge of selecting scholarship students in the Organization screens applicants and the result is reported to its internal Supervising Section and the approval is given by the Board of Directors. The loans, in principle, are made to all applicants who meet the standards.

In selecting the scholarship students, the Organization selects the students comprehensively based on criteria such as personality, academic ability and family financial status, and the details in respective standards are described in the statement of operation procedures and are made public.

2-3. Management of Proceeds

Finance Department in the Organization manages all of the proceeds financed through social finance, separately from other proceeds for scholarships.

Proceeds for Category 1 Scholarship Loans are allocated in the deposit account exclusively for Category 1 Scholarship Loan and proceeds for Category 2 Scholarship Loans are appropriated in the deposit account exclusively for Category 2 Scholarship Loan until these proceeds are appropriated to resources for remittance.

The proceeds financed through bonds are transferred two business days before the remittance date of the Category 2 Scholarship Loan and managed in the deposit account exclusively for Category 2 Scholarship Loan until the remittance date comes, and the total amount of proceeds is allocated to resources for remittance.

Finance Department manages the proceeds financed with cash flow tables (on a daily and monthly basis, respectively), and the proceeds concerned are fully allocated to loan

scholarships under a structure. The cash flow management is regularly reported to the Minister of Education, Culture, Sports, Science and Technology. In cases where the remittance of scholarships is postponed due to disasters or others, the Organization continues to conduct its management and immediately transfers the amount as soon as the event causing the postponement is resolved.

2-4.Reporting

The Organization publishes reporting on operational performance reports and financial statements every year.

In preparing the operational performance reports, deliberation is made in the Board of Directors and a decision is made by the Chairman of the Board of Directors only after hearing the opinions discussed in the Evaluation Committee in the Organization, which is composed of external academics. These operational performance reports determined by the Chairman of the Board of Directors are submitted to the Minister of Education, Culture, Sports, Science and Technology for evaluation.

The Chairman of the Board of Directors makes a final decision on the financial statements as well as operational performance reports and business reports through deliberation made by the Board of Directors only after auditors and the audit firm audit these documents. These financial statements or others determined by the Chairman of the Board of Directors are submitted to the Minister of Education, Culture, Sports, Science and Technology for evaluation.

The Organization annually reports on proceeds allocated to projects and social benefits in the "allocation of proceeds/social impact reports," which will be continuously carried out hereafter.

In the "allocation of proceeds/social impact reports," the businesses in the Organization, the outline of scholarships and the allocated conditions of proceeds financed are reported to the extent practicable as long as there is a balance of proceeds procured through social finance.

① Reporting on allocation of proceeds

- Overview of Project
- Amount of Proceeds Appropriated in the Fiscal Year
- Ratio of Refinancing (as of the end of the Fiscal Year)
- Unappropriated Amount (as of the end of the Fiscal Year)

② Impact Reporting (social benefits)

Qualified business	Output	Outcome	Impact
Category1 Scholarship Loans Category2 Scholarship Loans	<ul style="list-style-type: none"> • Number of students who are given Scholarship Loans per FY (Unit: 10,000) • Amount of scholarship loans per FY (Unit: 100 million yen) • Various Scholarship Systems on repayment of scholarships • Providing information on the use of scholarships 	<ul style="list-style-type: none"> • Ratio of students who received scholarship loans among applicants who satisfied the criteria • Ratio of students who used scholarships of those studying at tertiary education institutions • Ratio of students who are enrolled in higher education institutions 	<ul style="list-style-type: none"> • Establishment of adequate educational environments for students studying at universities and other educational institutions in Japan • Development of human resources who possess a rich humanity and creativity and are responsible for the next generation

*The Organization provides students with scholarship grants as the New Higher Education Support System in addition to scholarship loans.