



# **JASSO Social Finance**

Report on the Use of the Funds and Their Social Impacts  
FY2023

November 2024

# JASSO's Programs

- Japan Student Services Organization (hereinafter referred to as “JASSO”) contributes to the achievement of UN Sustainable Development Goal (SDGs) #4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” through its scholarship programs for Japanese students, while working on support programs for international students, which promote international student exchanges, and student support programs, which provide support for career education and job search and for students with disabilities.

## Scholarship Programs for Japanese Students

Under the philosophy of “equal opportunity for education” as stipulated in the Constitution and the Fundamental Law of Education, JASSO provides scholarships for achieving students who find it difficult to study due to financial reasons.

- Scholarship loan programs
- Scholarship grant programs

## Support Programs for International Students

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

- Study in Japan
- Promotion of Japanese students studying abroad
- Support for faculty and staff in charge of student exchange programs

## Student Support Programs

JASSO 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.

- Support programs for career education and job search
- Support programs for students with special needs such as students with disabilities, etc.
- Collection, analysis, and provision of information on student life and student support efforts at universities, etc.

# Overview of Project (1)

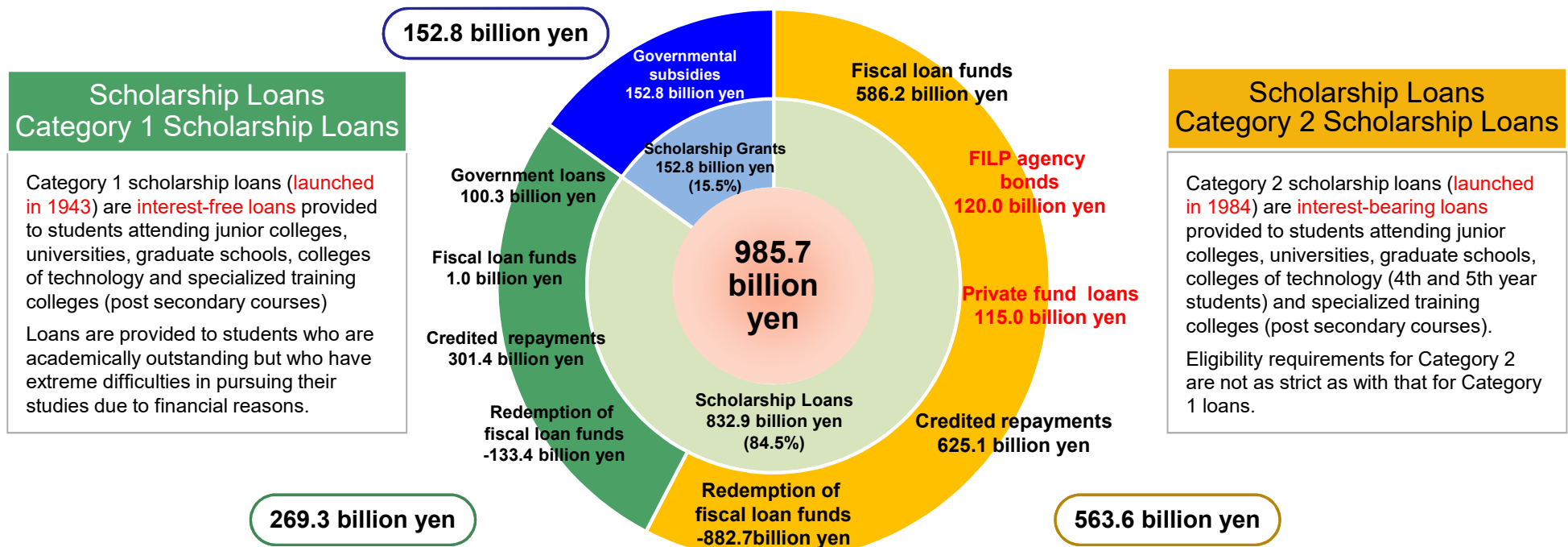
- Loans or grants for school expenses are called “**scholarships**” and those receiving scholarships are called “**scholarship students**”.
- Scholarships are classified into **scholarship grants** and **scholarship loans**. Scholarship loans are classified into **Category 1** and **Category 2 scholarship loans**.

## FY2023 Scholarship program funding sources (results)

### Scholarship Grants

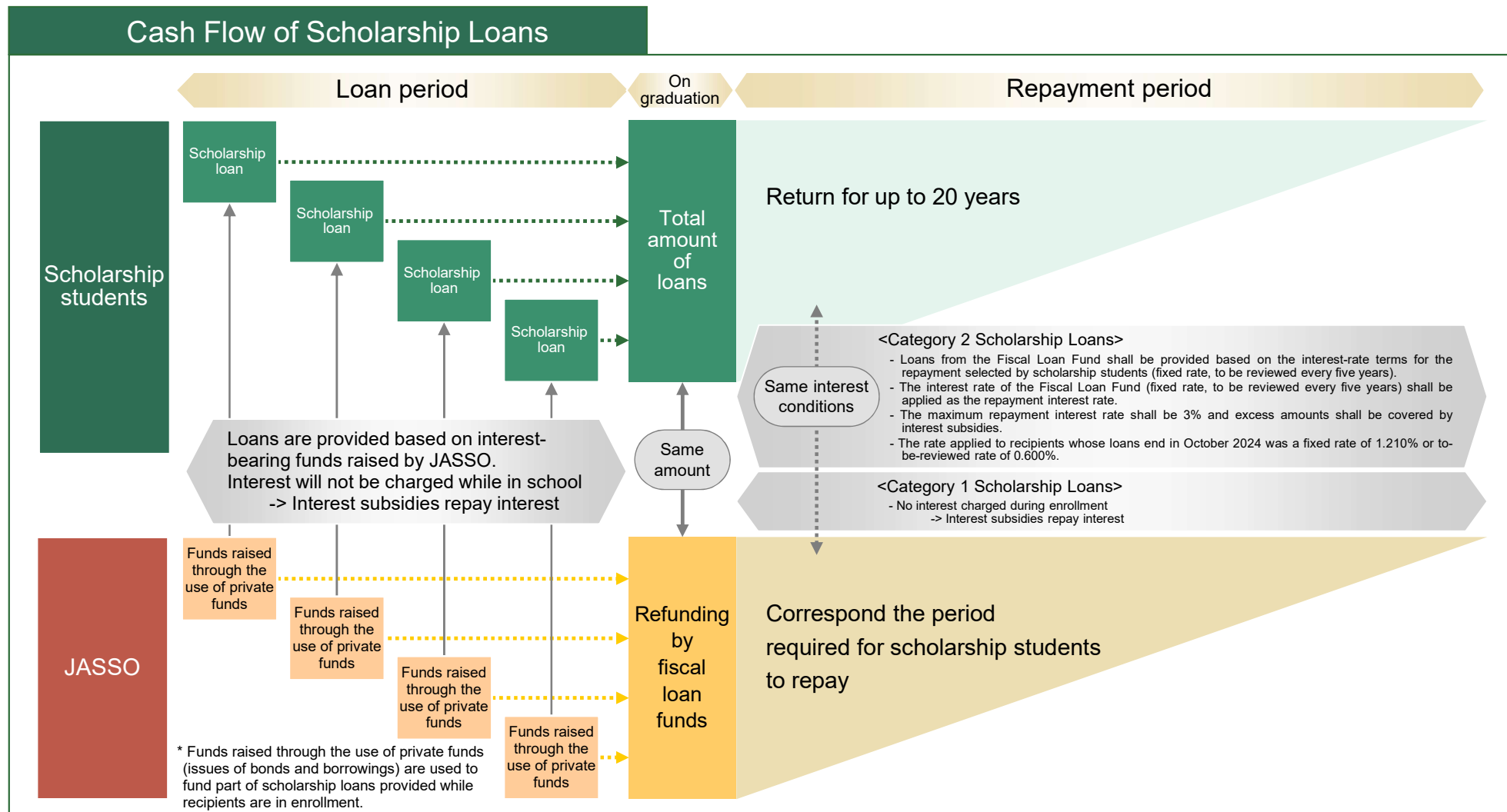
They are **scholarships basically without a repayment requirement** established with the aim of encouraging motivated and capable young persons to go to college, etc. by providing a scholarship grant so that they will not give up going to college for financial reasons. They were partially launched in FY2017, and full-fledged services were started in FY2018.

From FY2020, the scope of programs has been expanded, and we will **provide scholarships, without fail, for students, etc. from low-income households that truly need assistance**, based on the law on support for study at colleges, etc., **so that students can receive schooling at colleges etc. that help to develop individuals who can become independent and active in society.**



# Overview of Project (2)

- 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.





# The Impact of JASSO Social Finance

- Funds raised through JASSO Social Finance Framework are used to utilize scholarships loans, contributing to the realization of the following impacts:

**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**

# Contents of the Report on the Use of Proceeds and Their Social Benefits(1)

- 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.

## Use of Funds Raised by Social Bonds

Fiscal year	JASSO Bonds Issue	Issue date	Maturity date	Amount used as funds	Balance of unused funds	Refinance ratio
2022	69th	Nov. 9, 2022	Nov. 20, 2024	30 billion yen	0 yen	0%
	70th	Feb. 8, 2023	Feb. 20, 2025	30 billion yen	0 yen	0%
2023	71st	June 7, 2023	June 20, 2025	30 billion yen	0 yen	0%
	72nd	Sept. 7, 2023	Sept. 19, 2025	30 billion yen	0 yen	0%
	73rd	Nov. 8, 2023	Nov. 20, 2025	30 billion yen	0 yen	0%
	74th	Feb. 7, 2024	Feb. 20, 2026	30 billion yen	0 yen	0%
2024	75th	June 7, 2024	June 19, 2026	30 billion yen	0 yen	0%
	76th	Sept. 9, 2024	Sept. 18, 2026	30 billion yen	0 yen	0%
	77th	Nov. 7, 2024	Nov. 20, 2026	30 billion yen	0 yen	0%

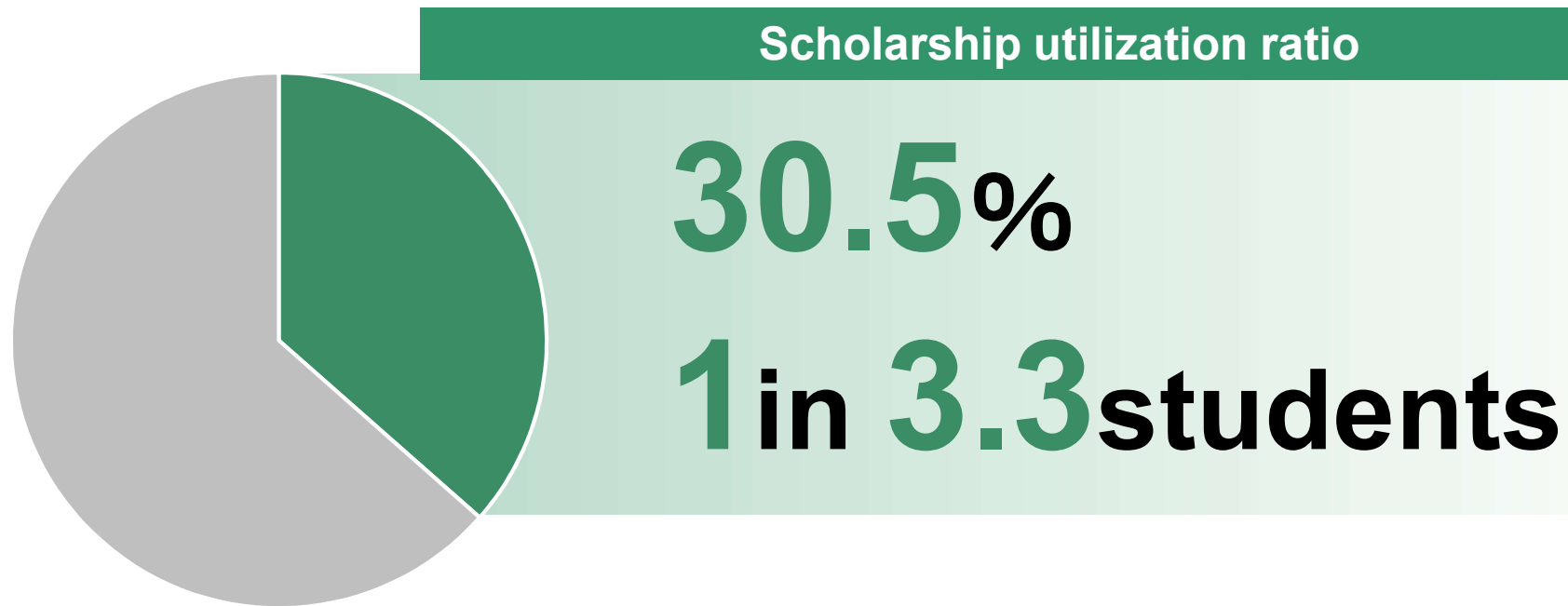
## Use of Funds Raised by Social Loans

Fiscal year	Borrowing date	Repayment date	Amount used as funds	Balance of unused funds	Refinance ratio
2023	Jan. 9, 2024	Jan. 8, 2025	38 billion yen	0 yen	0%
	Feb. 7, 2024	Feb. 6, 2025	38 billion yen	0 yen	0%
	Mar. 7, 2024	Mar. 7, 2025	39 billion yen	0 yen	0%

## Reference information

Fiscal year	Total claims (scholarship loans)	Amount (scholarship loans)	Total claims (social bonds)	Total claims (social loans)
2023	937.01 billion yen	832.9 billion yen	240 billion yen	115 billion yen

# Contents of the Report on the Use of Proceeds and Their Social Benefits(2)



- Of the 3.63 million students studying at higher education institutions in Japan in FY2023, 1.11 million (30.5%) used JASSO loan scholarships.
- **“1 in 3.3” students are utilizing JASSO's scholarships.**

## Reference information : Ratio of students entering higher education institutions

Fiscal year	Population of 18-year-olds (Source: School Basic Survey by MEXT)	Ratio of students entering higher education institutions (Source: School Basic Survey by MEXT)	Number of students studying at higher education institutions (Source: JASSO)	Scholarship recipients (Source: JASSO)	Scholarship utilization ratio
2023	1.10 million	84.0%	3.628 million	1.107 million	30.5%



# Contents of the Report on the Use of Proceeds and Their Social Benefits(3)

## Category 1 Scholarship Loan

### Items Related to Social Benefits

Year	Number of Category 1 Scholarship Loan recipients by fiscal year	Balance of outstanding Category 1 Scholarship Loans by fiscal year	Percentage of scholarship students who received loans among applicants who satisfied the criteria
<b>FY2023</b>	<b>462 thousand</b>	<b>¥269.3 billion</b>	<b>100%</b>
(Ref.) FY2022	467 thousand	¥272.3 billion	100%

Category 1 Scholarship Loan recipient details (FY2023)	Number of recipients	Amount	Number of schools where recipients are enrolled			
			Total	National	Public	Private
<b>Category 1 Scholarship Loans (total)</b>	462.5 thousand	¥269.27 billion	3,461	187	296	2,978
<b>Universities, Junior Colleges</b>	345.8 thousand	¥190.44 billion	1,077	83	114	880
<b>Graduate schools</b>	43.8 thousand	¥39.91 billion	551	85	78	388
<b>Colleges of technology</b>	1.3 thousand	¥0.43 billion	56	51	3	2
<b>Specialized training colleges (post-secondary courses)</b>	71.6 thousand	¥38.49 billion	2,310	49	177	2,084



# Contents of the Report on the Use of Proceeds and Their Social Benefits(4)

## Category 2 Scholarship Loan

### Items Related to Social Benefits

Year	Number of Category 2 Scholarship Loan recipients by fiscal year	Balance of outstanding Category 2 Scholarship Loans by fiscal year	Percentage of scholarship students who received loans among applicants who satisfied the criteria
<b>FY2023</b>	<b>644 thousand</b>	<b>¥563.6 billion</b>	<b>100%</b>
(Ref.) FY2022	665 thousand	¥575.4 billion	100%

Category 2 Scholarship Loan recipient details (FY2023)	Number of recipients	Amount	Number of schools where recipients are enrolled			
			Total	National	Public	Private
<b>Category 2 Scholarship Loans (total)</b>	644.3 thousand	¥563.62 billion	3,481	185	297	2,999
<b>Universities, Junior Colleges</b>	514.8 thousand	¥439.56 billion	1,081	83	114	884
<b>Graduate schools</b>	5.4 thousand	¥5.87 billion	436	84	58	294
<b>Colleges of technology</b>	0.3 thousand	¥0.22 billion	55	50	3	2
<b>Specialized training colleges (post-secondary courses)</b>	123.7 thousand	¥117.97 billion	2,324	48	178	2,098

# Contents of the Report on the Use of Proceeds and Their Social Benefits(5)

## Systems to Assist Repayment

### Introduction of an income-based repayment postponement system for Category 1 scholarship loans (income-based repayment method)

We introduced a new **income-based repayment postponement system** for Category 1 scholarship loans in FY2017, under which **the monthly repayment amount would be determined based on the recipients' previous year's income.**

#### Reduction of the monthly installment

Applied to scholarship students who have difficulty repaying the monthly amount in full

**This is a system available for recipients who have difficulty in making repayments due to disaster, sickness, injury or financial reasons but can still pay if the installment is reduced. It reduces the monthly installment amount by two-thirds, one-half, one-third or one-quarter for a specified period while extending the repayment period accordingly.**

\*Note this is not available for Category 1 scholarship loan recipients qualified in FY2017 or later who choose income-linked installments.

#### Installment-reduction period

The maximum reduction period is **15 years.**

### Postponement of repayment

For scholarship students who wants suspension of repayment

**This system postponements installed repayment upon request by recipients who have difficulty in making repayments due to disaster, sickness, injury, financial issues, unemployment or while they are still receiving welfare.**

#### Maximum period of suspension

The maximum of **10 years, in total**, of suspension is available (no limitation for certain reasons).

#### Application of repayment suspension to delinquent recipients

As long as delinquent recipients are experiencing a truly difficult situation, such as health reasons or financial conditions so serious as to be requiring public livelihood assistance, they are **eligible for repayment suspension** from the month in which they request it.

### Exemption from repayment

**This system, by request, waives obligations for recipients who died or have become unable to repay due to serious physical or mental disability. For Category 1 scholarship loans received for graduate-level education, there is also a system to waive obligations for outstanding achievements.**

#### The system's improvement and enhancement for recipients in doctoral courses

A system was introduced to designate scholarship students in doctoral courses as candidates for loan waivers at the time their eligibility is confirmed.

# Contents of the Report on the Use of Proceeds and Their Social Benefits(6)

- To high school students that are considering using scholarships, information is provided to mitigate their concerns about the financial burden incurred by going to college so that they can use a scholarship without worries.

## Scholarship Advisor Dispatch Program

It is a program to dispatch a financial planner who has completed the JASSO training and is a certified “scholarship adviser” to schools and other institutions on their request to explain the scholarship system and provide explanations and advice on funding plans for going to college. Since the start of the program in 2017, there have been 2,727 dispatches to high schools and other institutions nationwide (as of February 29, 2024).

\* We are also providing the information in the online version guidance.

### Target persons

High school students that are considering going to college and their parents.

### The adviser can be dispatched to (examples):

High schools, special training colleges with high school programs

“Comprehensive study time”, briefing sessions on going to college, meetings for parents

Colleges, special training colleges with specialized programs

School briefing sessions for high school students, Open campuses

Boards of education, PTAs

Briefing sessions on going to college at each Board of Education, PTA seminars

Orphanages, Social Welfare Councils

Events for residents that wish to go to college at orphanages, briefing sessions on educational funding for going to college sponsored by Social Welfare Councils

## Provision of Information on Funds Required for Going to College

### Money Handbook for Going to College

Created a booklet that summarizes necessary information for teachers at high schools to give advice to students and parents on money plans for going to college

### Fund Simulator for Going to College

A simulator that allows you to assess the fund required for going to college by formulating a funding plan for going to college

### Scholarship Loan/Repayment Simulation

A simulator that allows you to check the required loan amount before applying for a scholarship by calculating the loan amount, future repayment amount of the scholarship.

Money Handbook for Going to College



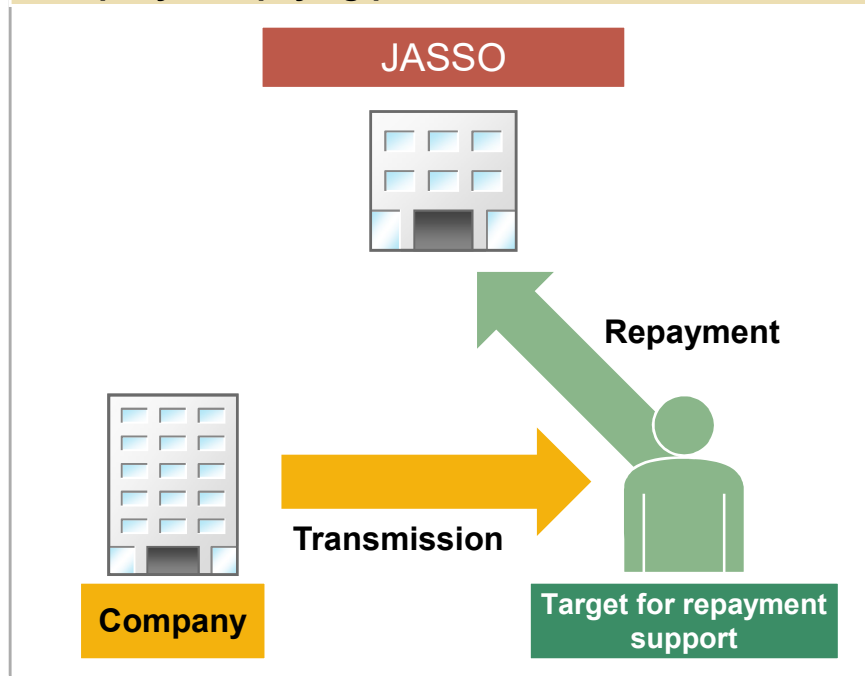
# Contents of the Report on the Use of Proceeds and Their Social Benefits(7)

- JASSO, as a measure to support the scholarship repaying person who would shoulder responsibilities at respective companies in the future, directly accept the scholarship repayment support implemented by each company (substitute repayment) under certain conditions.
- The company repays either part or the entire amount of the scholarship loans (Category 1 and Category 2 scholarship loans) provided by JASSO to an employee of the company (target for repayment support).

## Scholarship repayment support (substitute repayment)

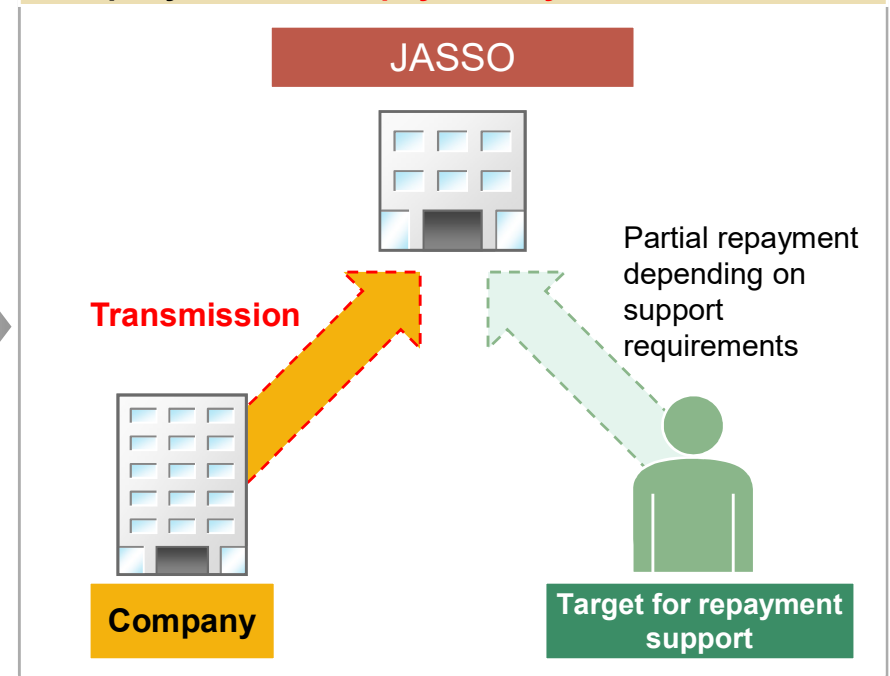
Till Mar. 31, 2021:

Company → repaying person → JASSO



From Apr. 1, 2021:

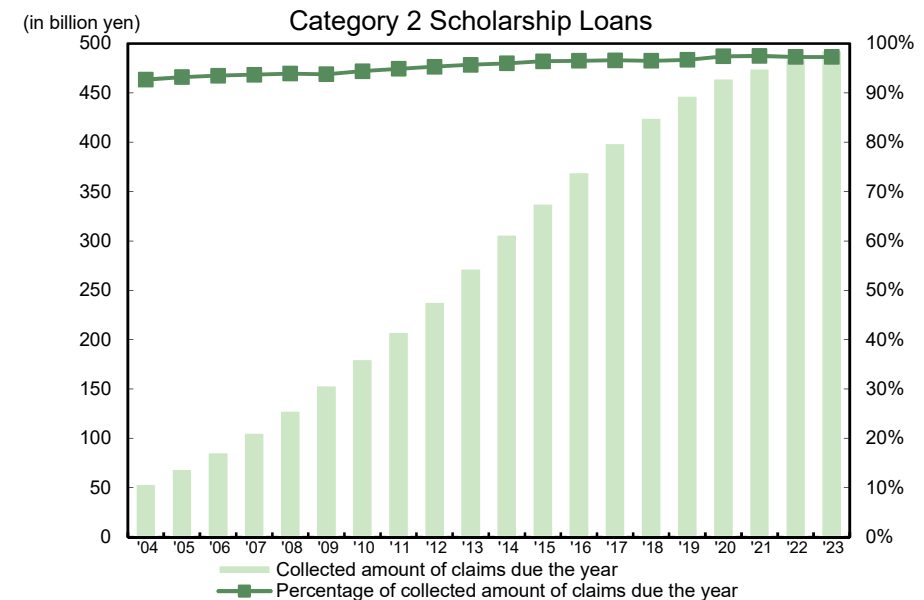
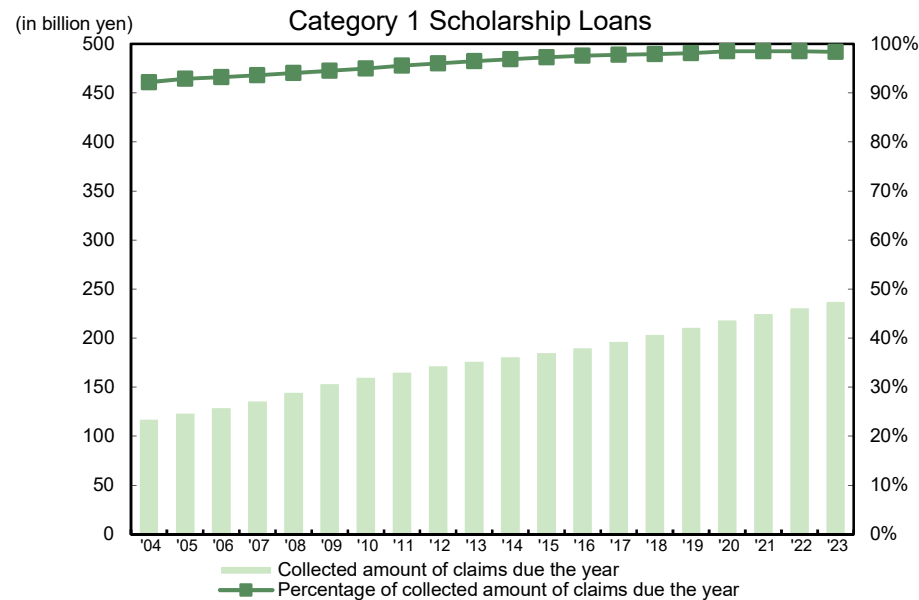
Company → **Can also pay directly to JASSO**



# Contents of the Report on the Use of Proceeds and Their Social Benefits(8)

- The collection rate for FY2023 (collection of repayments due during the year) was 98.4% for Category 1 scholarship loans and 97.3% for Category 2 scholarship loans.

## Collection situation of repayments



## (Reference) Status of receivables

	Category 1 Scholarship Loans					Category 2 Scholarship Loans					Total number of Category 1&2				
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2019	FY2020	FY2021	FY2022	FY2023	FY2019	FY2020	FY2021	FY2022	FY2023
Total claims (A)	2,912.3	2,917.3	2,903.4	2,884.0	2,860.9	6,694.3	6,674.7	6,632.2	6,577.2	6,509.2	9,606.7	9,592.0	9,535.6	9,461.3	9,370.1
Loans requiring repayment (B)	2,085.4	2,152.3	2,203.1	2,244.7	2,257.4	5,338.7	5,361.1	5,352.5	5,314.0	5,270.9	7,424.0	7,513.4	7,555.6	7,558.7	7,528.3
Claims in arrears for 3 months or more (C)	61.0	53.3	51.2	50.9	51.1	179.9	153.6	150.5	155.3	160.2	240.9	206.9	201.7	206.2	211.3
Percentage of loans in arrears for 3 month or more in total claims (C/A)	2.1%	1.8%	1.8%	1.8%	1.8%	2.7%	2.3%	2.3%	2.4%	2.5%	2.5%	2.2%	2.1%	2.2%	2.3%
Percentage of loans in arrears for 3 month or more in loans requiring repayment (C/B)	2.9%	2.5%	2.3%	2.3%	2.3%	3.4%	2.9%	2.8%	2.9%	3.0%	3.2%	2.8%	2.7%	2.7%	2.8%



# (Reference) Changes in Scholarship Loans

- We have been providing scholarship loans, without fail, to all applicants that satisfy the screening criteria so that motivated and capable students will not give up going to college for financial reasons.
- As for Category 1 scholarship loans, there have been no eligible recipients that missed out on scholarships since FY2017. In addition, we have practically removed the academic standard requirements for students from families who are excluded from inhabitant taxes.
- As for Category 2 scholarship loans, we have fundamentally expanded them and relaxed their eligibility requirements in April 1999.

Budget in FY2024

	Recipients (thou.)	Amount (bn.)
Category 1 Scholarship Loans	466	JPY273.3
Category 2 Scholarship Loans	663	JPY582.0
Total	1,129	JPY855.3

## Changes in number of scholarship students and amount of scholarship loans



**JASSO (including former Japan Scholarship Foundation) has provided scholarship loans totaling about ¥25 trillion to about 15.21 million students in **81 years** since 1943, when the scholarship loan programs were launched.**

# (Reference) Social Finance Framework (Overview)

- JASSO established a framework which is aligned with Social Bond Principles (SBP) 2021 by the International Capital Market Association (ICMA), Social Loan Principles 2023 by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), the Loan Syndication and Trading Association (LSTA), and Social Bond Guidelines 2021 by the Financial Services Agency.
- On April 14, 2023, JASSO has obtained a second party opinion from Japan Credit Rating Agency, Ltd. to ensure the eligibility as a social finance.

## 1 Use of proceeds

- The proceeds financed based on the Framework are used for scholarship loans.
- The Scholarship Loan Programs contribute to the achievement of UN Sustainable Development Goal (SDGs) #4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."

## 3 Management of proceeds

- The proceeds financed based on the Framework are managed separately from other proceeds for scholarships.
- 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 Process for project evaluation and selection

- In selecting the scholarship students, JASSO selects the students who are recommended by school principals. In the selecting, students are judged comprehensively based on criteria such as personality, academic ability and family financial status in accordance with the stipulations of the statement of operation procedures.
- JASSO provides the loans to all applicants who satisfy the criteria.

## 4 Reporting

- JASSO prepares financial statements, etc. every business year and receives approval from the Minister of Education, Culture, Sports, Science and Technology.
- JASSO 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.



- Sustainable Development Goals (SDGs): 17 goals and 169 targets to be achieved by UN member states by 2030. These are defined in the 2030 Agenda for Sustainable Development, which was adopted at the UN Sustainable Development Summit in September 2015.

- The information herein has been prepared solely for information proposes and is not a solicitation of an offer to buy or sell any security or instrument.
- Investors are responsible for making their own investment decisions based on available latest data sources.



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.

## Contact

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<https://www.jasso.go.jp/en/index.html>

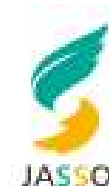
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