

National Institution for Academic Degrees and Quality Enhancement of Higher Education
(Incorporated Administrative Agency) (Facilities Improvement Account)

https://www.niad.ac.jp/

1. Summary of operations implemented using FILP funds

The National Institution for Academic Degrees and Quality Enhancement of Higher Education (NIAD-QE) grants loans to national university corporations for the improvement of hospital wards in order to enhance the facilities of national university hospitals and for the introduction of advanced medical equipment.

Note: Non-FILP operations include grants for facilities.

2. Amount of lending under FILP

(Unit: billion yen)

FY2023 FILP	Estimated outstanding amount of FILP lending at the end of FY2022
75.8	657.0

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
1. Government expenditure (subsidies, etc.)	0.5	0.4	-0.1
2. Government revenue (payments to the government, etc.)*	-	-	-
3. Opportunity cost of capital investments, etc.	-	-	-
Total (1+2+3=policy cost(A))	0.5	0.4	-0.1
Analysis period (years)	34 years	35 years	1 year

(2) Breakdown of policy cost by the time of the provision of funds (Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
(A) Policy cost (previously cited)	0.5	0.4	-0.1
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	-	-	-
2) Policy cost expected to be newly accrued during the analysis period	0.5	0.4	-0.1
Government expenditure (subsidies, etc.)	0.5	0.4	-0.1
Government revenue (payments to the government, etc.)*	-	-	-
Opportunity cost of surplus, etc.	-	-	-
Opportunity cost of capital investments, etc.	-	-	-

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

		FY2022	FY2023	Simple fluctuation
Policy cost	Simple comparison (before adjustment)	0.5	0.4	-0.1
	Past year comparison (after adjustment)	0.4	0.4	+0.0

[Real fluctuation factor analysis]

○Factors behind policy cost increase

- Increase in cost due to a rise in grants for operation cost accompanying new loans (+0.0 billion yen)

○Factors behind policy cost decrease

- None

(4) Breakdown of policy cost by causative factor (Unit: billion yen)

(A) Policy cost in FY2023 (previously cited)	0.4
1) Prepayments	-
2) Loan losses	-
3) Others (including profit spread)	0.4

(5) Sensitivity analysis (cases where assumptions change)

(Unit: billion yen)

(A) Policy cost (previously cited)	Case of assumed interest rate + 1%	Fluctuation	Fluctuation		
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
0.4	0.4	-0.0	-0.0	-	-

(A) Policy cost (previously cited)	Case of a 1% increase in borrowings	Fluctuation	Fluctuation		
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
0.4	0.4	+0.0	+0.0	-	-

(Note) Components in each column may not add up to the total because of rounding.

* Government revenue (payments to the government, etc.) is booked as a negative amount. Example: -10 b. yen for 10 b. yen in payments to government, etc.

4. Outline of estimation and project prospect employed in the analysis

- 1) The estimation covers the project for loans from the National Institution for Academic Degrees and Quality Enhancement of Higher Education to finance facilities expenses at national universities. (Facilities Improvement Account)
- 2) The scale of loans is estimated for the case where 80.4 billion yen in planned loans in FY2023 and their continuation is implemented in addition to 687.1 billion yen in outstanding loans at the end of FY2022.
- 3) The analysis period covers 35 years during which all the loans implemented under the above 2) and the outstanding loans will be recovered (in up to 30 years).
- 4) The amount of administration expenses is the sum of the property expenses and the personnel expenses proportionate to the number of people concerned. The cost of the project to offer loans for facilities expenses is calculated based on the proportion of new loans, while the cost of the project of liabilities redemption is calculated based on the proportion of the balance of borrowed money.
- 5) As prepayments have been limited to only five cases since the commencement of operations, no prepayment is projected from FY2023 onward.
- 6) No loan write-off has been seen since the commencement of operations. Therefore, loan write-off is not projected from FY2023 onward.
- 7) The retained surplus is excluded from the analysis because Article 18 of the Act on the National Institution for Academic Degrees and Quality Enhancement of Higher Education provides that the retained surplus may be applied to grants for facility expenses. No provisions exist for transferring the retained surplus to the national treasury.

FY	Result				Estimated 2022	Planned 2023	Assumptions for calculation 2024-2057
	2018	2019	2020	2021			
Prepayment ratio	-	-	-	-	-	-	-
Loan write-off ratio	-	-	-	-	-	-	-

5. Reasons for granting of subsidies, mechanism and underlying laws

The National Institution for Academic Degrees and Quality Enhancement of Higher Education aims to improve and enhance education and research environment of national universities, etc. through its operations such as lending or delivering of funds necessary for purposes including improvement of such institutions.

Operation subsidy from the government covers such expenses as administration cost necessary to carry out and achieve such goals.

(Underlying laws and regulations)

○Article 46 of the Act on General Rules for Incorporated Administrative Agencies

The Government can grant subsidies to cover part or whole of the funds required for the operation of incorporated administrative agencies within the limits of the budget.

6. Special remarks

1) Upon the promulgation of the Act for Partial Amendment of the Act on the National Institution for Academic Degrees and University Evaluation, Incorporated Administrative Agency, in May 2015, the duties performed by the Center for National University Finance and Management were succeeded to by the newly incorporated National Institution for Academic Degrees and Quality Enhancement of Higher Education, Incorporated Administrative Agency (the Center for National University Finance and Management and the National Institution for Academic Degrees and University Evaluation are to be integrated) as of April 1, 2016.

2) The Center for National University Finance and Management settled the accounting for its projects in the Facilities Improvement Account and received the funds necessary to cover operational expenses in the General Account as grants for operational expenses. The newly incorporated National Institution for Academic Degrees and Quality Enhancement of Higher Education has also adopted separate accounting, and settles the accounting of duties that had been performed by the Center for National University Finance and Management in the Facilities Improvement Account, while receiving the funds necessary to cover operational expenses in the General Account as grants for operational expenses and also settling the accounting of duties that had been performed by the National Institution for Academic Degrees and University Evaluation in the General Account.

3) In this analysis, out of the grants for operational expenses received in the General Account, expenses necessary for the operation of the facilities expense loan project subject to the fiscal investment and loan program are considered as and included in the policy cost.

(Reference) Outcome and social and economic benefits of operations

○ Quantitative achievements of operations

[Financing results, etc.]

(unit: billion yen)

Category	2018 result	2019 result	2020 result	2021 result	2022 estimated	2023 planned
Facility development	27.9	22.3	28.4	31.8	49.6	57.2
Equipment development	18.6	22.5	22.0	18.4	19.9	23.2
Total	46.5	44.8	50.4	50.1	69.5	80.4

<FY2023 planned operations>

Planned facility development operations: Asahikawa Medical University basic and environmental development, 26 other universities

Planned equipment development operations: Asahikawa Medical University hospital equipment development, 23 other universities

○ Facility loan result

• Accumulated facility loan results (FY2004-FY2021)

Facility maintenance cost: •••666.5 billion yen (979 projects)

Special medical appliance maintenance cost: (Equipment development): •••360.6 billion yen (470 projects)

• Facility loan results in FY2021

Facility maintenance cost: •••31.8 billion yen (70 projects)

Special medical appliance maintenance cost: (Equipment development): •••18.4 billion yen (24 projects)

• Planned facility loan cost in FY2023

Facility maintenance cost: •••57.2 billion yen (42 projects)

Special medical appliance maintenance cost: (Equipment development) •••23.2 billion yen (24 projects)

○ Social/Economic benefits

National university hospitals serve as the facilities necessary for the training and educational activities of the faculty of medicine and the faculty of dentistry, etc., play a role as medical institutions that train medical personnel who provide medical services in the future, provide specialized high-quality medical services, and develop advanced medical services.

In particular, national university hospitals play an important role as medical institutions. In Japan, most medical institutions that can provide advanced medical services are national university hospitals. They accept patients who are seriously ill or have intractable diseases because ordinary hospitals cannot diagnose or treat them properly. National university hospitals serve as central medical institutions in local communities in liaison with other medical institutions in the areas.

The National Institution for Academic Degrees and Quality Enhancement of Higher Education grants loans to national university hospitals for their improvement (improvement of facilities and special medical appliances) ,etc. in order to enhance their functions as the base for supporting advanced and local medicine and properly respond to social needs.

1. Advanced medical technology (as of January 1, 2023)

•42 national universities are certified to implement advanced medical techniques. National university hospitals as a whole are certified for 22 (75.9%) of the 29 Group 2 advanced medical (advanced medical A) techniques and 35 (61.4%) of the 57 Group 3 advanced medical (advanced medical B) techniques.

2. Organ transplants from brain-dead donors (as of January 23, 2023)

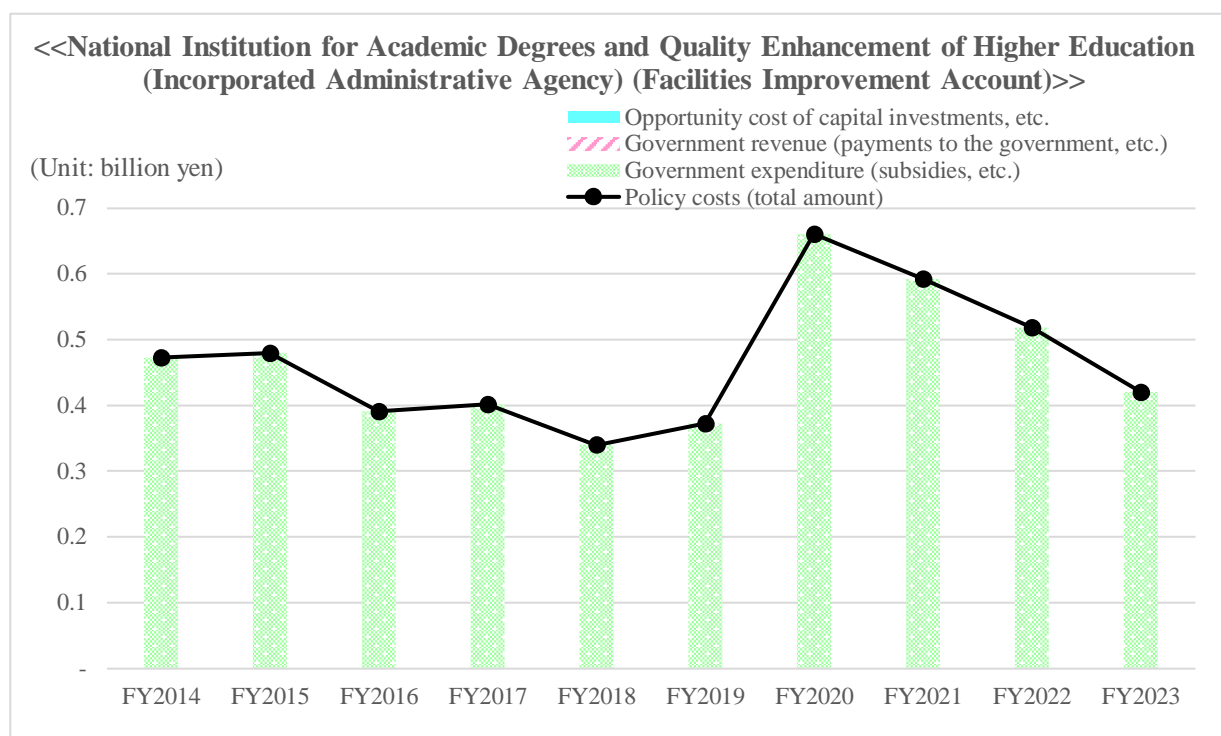
• 38 national university hospitals are designated as medical institutions for organ transplants (90.5%) and 2,338 of the total of 3,964 organ transplants from braindead donors were performed at national university hospitals (59.0%).

3. Response to political medical care (as of July 1, 2022)

•National university hospitals are designated as cancer treatment cooperation base hospitals (24 prefectural cancer treatment base hospitals and 18 regional cancer treatment cooperation base hospitals), advanced critical care and emergency centers (15 advanced critical care and emergency centers and 13 critical care and emergency centers), general perinatal centers (20 general perinatal centers and 22 regional perinatal centers), etc., making great contributions to medical services in Japan as the last bastion of regional medical services.

Overview of policy cost analysis results

[Changes in policy costs]



Note: Policy costs for each fiscal year differ in assumptions including interest rates applied to estimates.

(Unit: billion yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Policy costs (total amount)	0.5	0.5	0.4	0.4	0.3	0.4	0.7	0.6	0.5	0.4
Government expenditure (subsidies, etc.)	0.5	0.5	0.4	0.4	0.3	0.4	0.7	0.6	0.5	0.4
Government revenue (payments to the government, etc.)	-	-	-	-	-	-	-	-	-	-
Opportunity cost of capital investments, etc.	-	-	-	-	-	-	0.0	-0.0	-	-

【Explanation of policy cost trends】

- Subsidies from the government (grants for operation cost), which are applied to clerical costs for loaning the funds necessary for developing facilities and equipment of national university hospitals have been estimated as the policy cost, remaining almost unchanged.

【FILP agency's self-assessment of policy cost analysis results (FY2023)】

- The policy cost in FY2023 remained similar to levels in earlier years, posting a decrease of some 100 million yen from the previous year.
- Regarding future cash flow, used as an assumption for the policy cost estimation, nothing extraordinary was recognized. Therefore, the National Institution for Academic Degrees and Quality Enhancement of Higher Education's assessment is that financial soundness has been maintained.
- As a result of the sensitivity analysis (case of assumed interest rate + 1%), the policy cost fell by less than 100 million yen in line with a change in the discount factor.
- The results of the sensitivity analysis (case of a 1% increase in borrowings) showed an increase of less than 100 million yen in the policy cost due to a government expenditure rise caused by an increase in borrowings. However, the increase is small and assessed as having a minimal impact on financial conditions.

(Reference) Financial Statements

Balance Sheet (Facilities Improvement Account)

(Unit: million yen)

Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)	Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)
(Assets)				(Liabilities and net assets)			
Current assets	699,316	702,206	717,262	Current liabilities	65,450	64,923	65,159
Cash and bank deposits	8,784	13,850	13,602	Current portion of National Institution for Academic Degrees and Quality Enhancement of Higher Education bonds	5,000	5,000	6,000
Securities	6,040	-	-	Current portion of long-term borrowings	43,862	46,279	48,433
Inventory assets	1,321	1,220	1,120	Current portion of inherited debts	16,550	13,592	10,635
Accrued income	40	53	92	Accrued payments	1	1	1
Loans on facility expenses	623,319	644,174	673,525	Accrued expenses	37	50	90
Inherited debt burden claims	59,810	42,909	28,923	Fixed liabilities	616,585	621,645	637,376
				National Institution for Academic Degrees and Quality Enhancement of Higher Education bonds	24,500	24,500	23,500
				Long-term borrowings	550,303	568,954	596,321
				Inherited debt	41,783	28,191	17,556
				(Total liabilities)	682,035	686,567	702,536
				Retained earnings	17,280	15,639	14,726
				Reserve fund under Article 18 of the Act on the National Institution for Academic Degrees and Quality Enhancement of Higher Education	17,280	15,639	14,726
				Unappropriated income for the current year	-	-	-
				(Of this, gross profit)	-	-	-
				(Total net assets)	17,280	15,639	14,726
Total assets	699,316	702,206	717,262	Total liabilities and net assets	699,316	702,206	717,262

Notes 1. The balance sheet includes amounts for projects other than those subject to the policy cost analysis.

2. Components may not add up to the total because of rounding.

Income Statement (Facilities Improvement Account)

(Unit: million yen)

Item	FY2021 (Result)	FY2022 (Estimated)	FY2023 (Planned)
Ordinary expenses	5,591	4,025	4,195
Operating expenses	5,577	4,011	4,181
Finance expenses	14	14	14
Ordinary income	4,462	2,384	3,283
Income from leasing assets to be disposed	62	59	57
Gain on disposal of assets	100	400	400
Income from facility expense subsidy	2,132	72	65
Interest received	2,167	1,850	2,761
Financial income	2	2	0
Ordinary loss	1,129	1,641	912
Net loss	1,129	1,641	912
Reversal of reserve fund under Article 18 of the Act on the National Institution for Academic Degrees and Quality Enhancement of Higher Education	1,129	1,641	912
Gross profit	-	-	-

Notes 1. The income statement includes amounts for projects other than those subject to the policy cost analysis.

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