



EFSI and InvestEU support for education and learning

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European Investment Fund

 #ficompass



got skills?

LEVEL UP

Skills and Education

EFSI and InvestEU support for education and learning

19 October 2022



INVESTEU



Index

1. The European Investment Fund
2. The EFSI Skills & Education Guarantee Pilot
3. InvestEU for Skills & Education

The European Investment Fund

Our model

EIF's investment approach

We design financial instruments that share risks with our partners multiplying public resources and increasing the supply of finance

Risk sharing instruments

The EIF's proven risk sharing instruments to mobilise private resources



Products & target areas

A range of products & target areas to address different policy areas

<i>Sustainability</i>	<i>Innovation & Digitalisation</i>
<i>Competitiveness & Growth</i>	<i>Culture & Creative Sectors</i>
<i>Skills & Education</i>	<i>Social Impact & Inclusive Finance</i>

<i>Enabling sectors</i>	<i>Climate & environmental solutions</i>
<i>Digital & CCS</i>	<i>Capital markets union</i>
<i>Social impact</i>	<i>Climate & infrastructure</i>

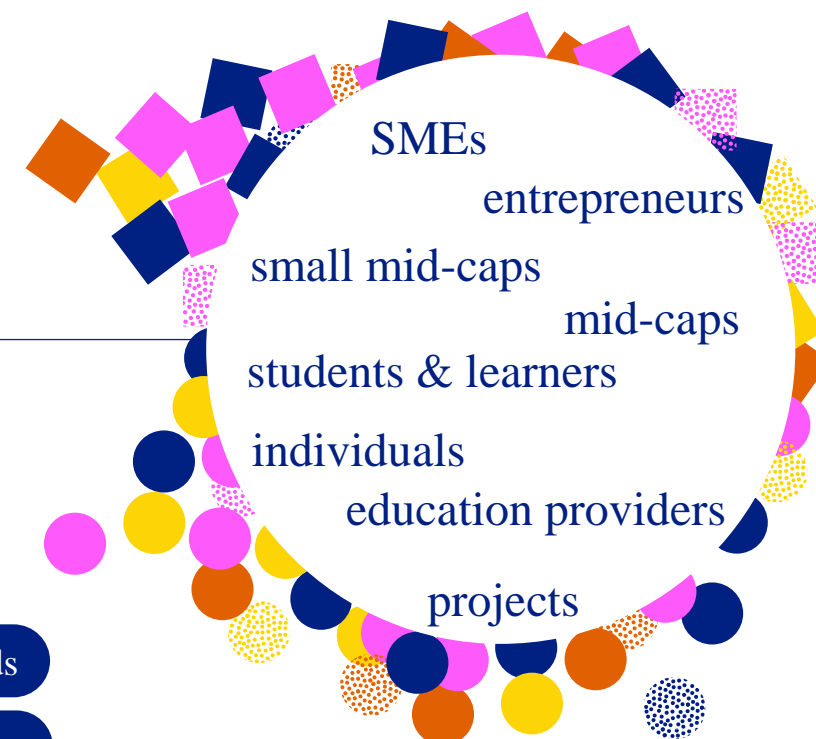
Intermediaries

Rigorous due diligence and impact assessment in the area of ESG



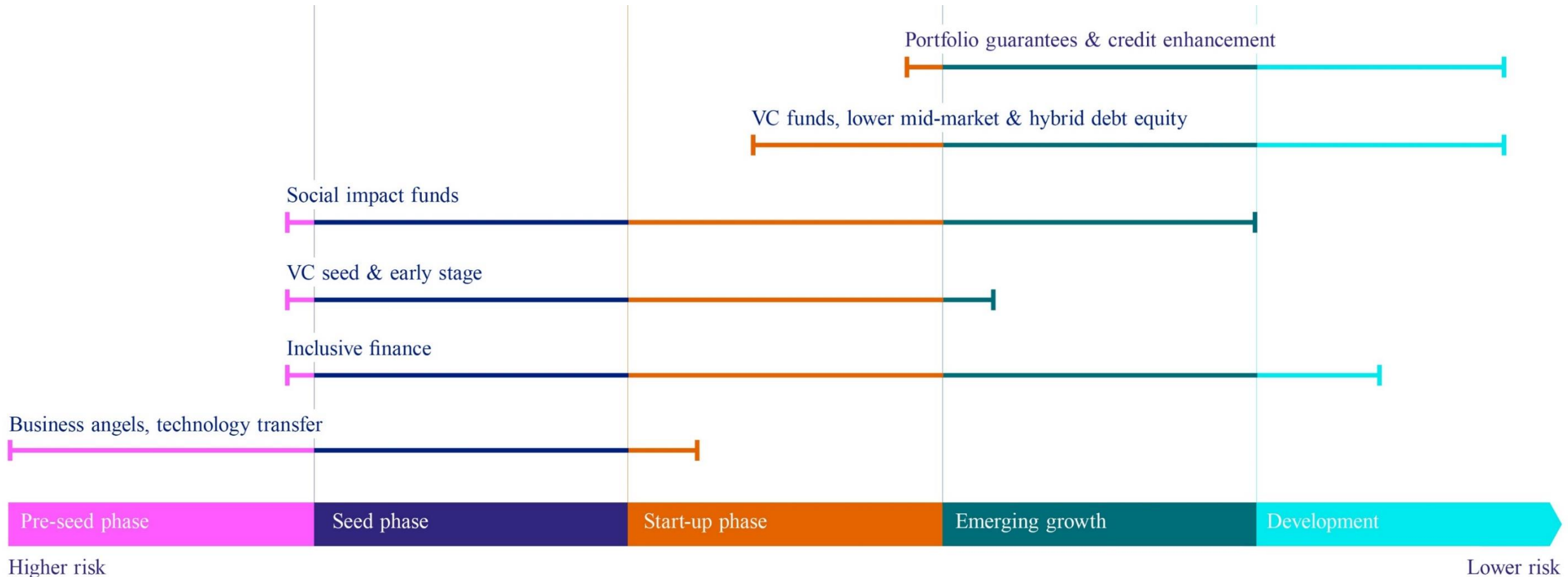
Reach & impact

Leverage of public resources to improve access to finance for final recipients



Our products

help small businesses at every stage of development



EFSI Skills & Education Pilot

For the support of the EU policy objective to invest in EU quality and inclusive education, training and lifelong learning

EFSI Skills & Education Pilot

Sharing risks with our partners

EC policy objective to invest in EU **quality** and **inclusive education, training** and **lifelong learning**



EUR 50m
EFSI investment

c.EUR 380m
Target financing

Students and
learners

Fund personal **development**

Enterprises
investing in skills

Invest in their **workforce up/re-
skilling**

Organisations
supplying education
and training

Fund their **business needs,
expand their business**

How it works

Sharing risks with our partners

Role of the EIF

Using resources from the EU, we *share risks* with our partners to *incentivise lending*



Financial Intermediaries

EIF provides a **guarantee***



Final Recipients

Category A
Students and learners

Category B
Enterprises investing in skills

Category C
Organisations supplying education & training**

Professional learners

Students and learners

Category A
Students and learners

*80% Guarantee Rate, Capped up to 25% of the guaranteed portfolio. **Or developing projects in the field of education.

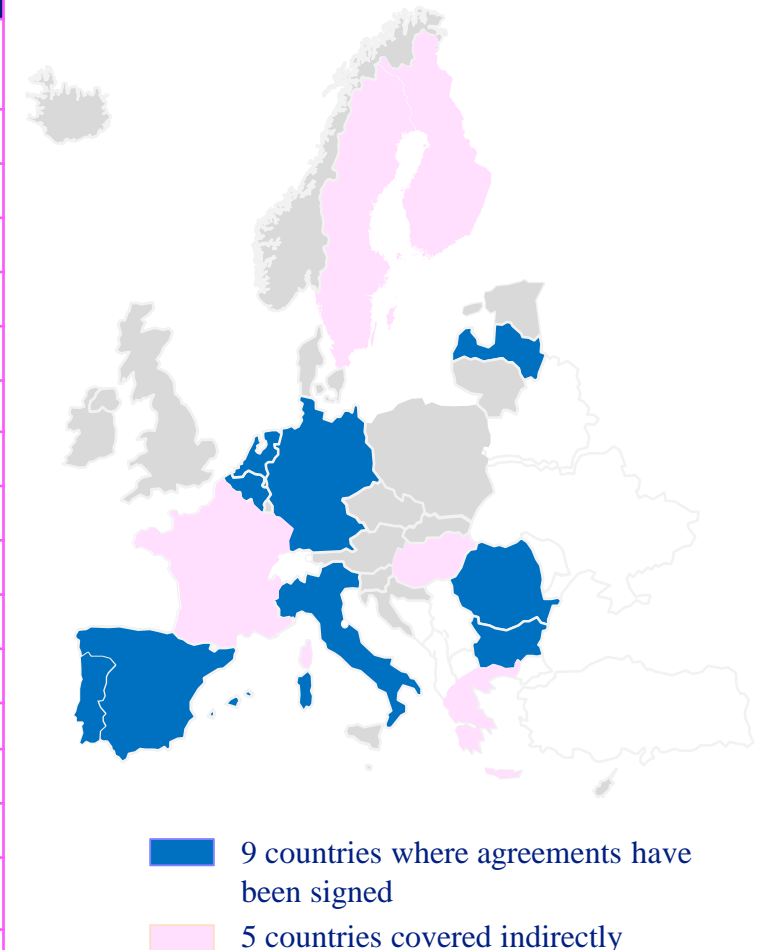
Implementation Status

The successful implementation of the pilot paved the way to InvestEU

- Call for Expression of Interest launched on 14 April 2020 and closed on 31 October 2020 (<6 months)
- 23 applications received for 140% of the budget, 17 selected
- Different types of Financial Intermediaries:
 - Commercial banks
 - Education providers
 - Alternative lenders
 - Foundations
 - National Promotional Institutions
- **EUR 25m** mobilised in support of **1660** beneficiaries, as of end of September

Country	Intermediary	Start of Availability	Final Recipient Categories
Latvia	JSC Development Finance Institution Altum	30/10/2020	A
Romania	Banca Transilvania	17/05/2021	A, B, C
Romania	BCR Social Finance IFN SA	01/07/2021	A, B, C
Germany	Brain Capital	30/06/2021	A
Romania	BT Microfinantare IFN SA	15/01/2021	B, C
Portugal	Caixa Geral de Depositos	09/04/2021	B, C
Germany	CHANCEN eG	15/01/2022	A
Germany	Deutsche Bildung	08/07/2021	A
Belgium	EIT Digital Education Foundation	01/07/2021	A
Romania	FINS	18/05/2021	A
Portugal	Fundação José Ferreira Neves	15/09/2020	A
Spain	Nuevo MicroBank S.A.U.	17/03/2021	A, C
ES, NL, BE	Santander Consumer Finance	04/06/2021	A
Spain	StudentFinance	25/05/2021	A
Bulgaria	Telerik Academy	01/06/2021	A
Italy	Università degli Studi di Bari Aldo Moro	07/12/2021	A
Italy	Università Degli Studi Di Torino	07/12/2021	A

17 Agreements signed covering 14 countries



Case study

Fundação José Neves under the EFSI Skills & Education Guarantee Pilot

Direct guarantee: income sharing agreements (ISAs) to students and learners

EFSI S&E Pilot

Financial Intermediary

Final Recipients



European
Investment Fund

1. EIF
provides a
guarantee*



2. Fundacao Jose
Neves provides
income sharing
agreements (ISAs)



3. Benefit from coverage
of their tuition fees, with
a repayment contingent
upon successful
employment**

Target
650 students
€5m ISAs

Beneficiary: Vânia Costa

“At 30, nobody has a full bank account and money to spare - so I knew I had to take a loan. But with this type of financial support, I felt much safer. I knew I didn't have to start repaying until I got a job, and if I ever found myself unemployed, repayment freezes and they help you get another job... So it gave me peace of mind.”

*80% Guarantee, Capped up to 25% of the guaranteed portfolio

InvestEU

Three products targeting skills & education:

- 1. InvestEU Skills & Education Guarantee*
- 2. InvestEU Capacity Building Investment Product*
- 3. InvestEU Social Impact Equity product*

1. InvestEU S&E Guarantee

Sharing risks with our financial intermediaries

Role of the EIF

Using resources from the EU, we *share risks* with financial intermediaries to *incentivise lending*



EIF provides a **guarantee***

EIF provides a **guarantee***

Financial Intermediaries

Banks and Financial Institutions

Provide access to loans

Organisations supplying education & training

Provide access to deferred payment of fees or ISAs**

Final Recipients

Category A
Students and learners

Category B
Entities investing in skilling their workforce

Category C
Entities supplying education & training***

Category D
Entities supplying services ancillary to education

Category A
Students and learners

Category B
Entities investing in skilling their workforce

*Capped up to 25% of the guaranteed portfolio.

** Income Share Agreements (ISA) is a type of student financing, providing for an income linked payment scheme. There is no pre-defined payment plan as payments are linked to the student's future income. Individuals pay a pre-determined percentage of income over a pre-defined period of time. The total amount to be paid depends on student's career progress and respective salary path.

***Or developing projects in the field of education.

1. Financing purpose


How financing can be used

Category A	Category B	Category C	Category D
Students and learners	Entities investing in skills	Entities supplying education & training*	Entities supplying services ancillary to education
<p>Cover costs of an <i>“eligible educational programme”</i>, such as:</p> <ul style="list-style-type: none"> programmes under ISCED classifications 3-8 programmes leading to a qualification digital and green skills programmes trainings in labour market-relevant skills 	<p>Cover costs of an <i>“eligible investments into skills”</i>, such as:</p> <ul style="list-style-type: none"> apprenticeships programmes leading to nationally recognised qualifications traineeships student entrepreneurship digital skills green skills 	<p>Cover costs of entities carrying out an <i>“eligible business activity or develop an eligible project”</i>, such as:</p> <ul style="list-style-type: none"> NACE CODE P business activity (min. 20% of the sales/turnover deriving from education/skills activity); or developing a NACE CODE P project <p>➤ NACE CODE P includes pre-primary education, primary education, secondary education, higher education, other education, educational support activities</p>	<p>Cover costs of entities carrying out an <i>“eligible business activity”</i> that is ancillary to education, such as:</p> <ul style="list-style-type: none"> student housing; Certification, validation, recognition, accreditation services Education enhancement services and tools, etc.

*Or developing projects in the field of education.

1. InvestEU S&E Guarantee

Key Terms

Type of Instrument	Guarantee cap rate	Guarantee fee	Guarantee rate
Capped Portfolio Guarantee	Up to 25%	Free of charge	Up to 70% Up to 80%
			When financing all categories, except for A When financing Category A
Target final recipients	Maximum Guarantee transaction amount	Transaction maturity	
	€30k* Category A	Minimum 12 months	Maximum N/A**
	€2m All Categories, except for A		

* In duly justified circumstances, such amount may be increased up to EUR 50 000. Please see Call for Expression of Interest for more information

** No maximum maturity - provided that the coverage of the Final Recipient Transactions shall not extend beyond Individual (Counter-) Guarantee Termination Date.

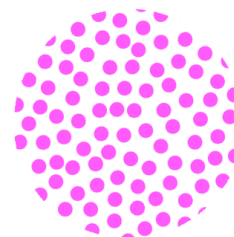
2. InvestEU CBI Product

The Capacity Building Investment Product is available to any Financial Intermediary operating in the microfinance, social enterprise finance and/or skills, education and training finance spaces

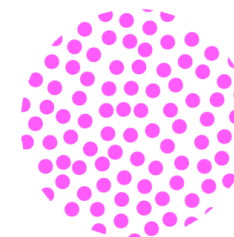
Including, but not limited to:

-  Banks
-  Guarantee institutions
-  Microfinance institutions
-  Education & training providers
-  Non-bank financial institutions
-  Loan and/or investment funds
-  Crowd-financing platforms
-  Credit Unions

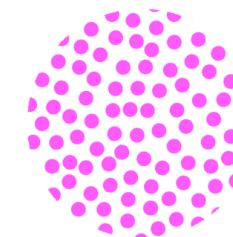
Target Areas



Microfinance



**Social
entrepreneurship**

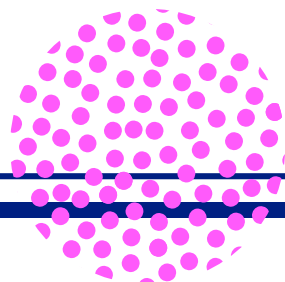


**Skills, education
& training**

2. Purpose of InvestEU CBI Product

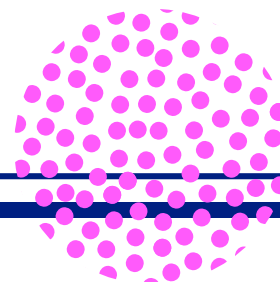
EIF shall support dedicated investments in selected Financial Intermediaries mainly in the form of subordinated loans for the purposes of:

Organisational capacity



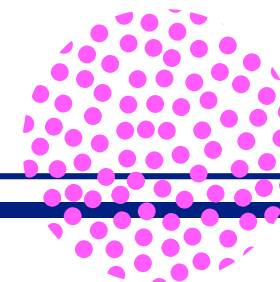
Investment in *organisational development* and *expansion* of the Financial Intermediary, including *branch expansion*, *scaling-up* or *building up of IT infrastructure* (e.g. mobile banking, etc.), *investment in human resources* such as recruitment and training of staff

Operational capacity



Strengthening *operational and institutional capabilities* aiming at contributing to the *sustainability* of the Financial Intermediary, including Greenfield Institutions; this includes, inter alia, investments in *working capital* and in improving the *strategic/governance capabilities* of the Financial Intermediary in order to maintain a balanced business, financial sustainability and social performance focus

Enhanced debt capacity



Institutional capacity building to increase the *indebtedness capacity* of Financial Intermediaries while supporting them to retain a *balanced socio-commercial orientation*

3. Social Impact Equity Product



Social Enterprises

Investments aimed at supporting Social Enterprises, i.e. undertakings or a natural persons which have as a primary social objective:

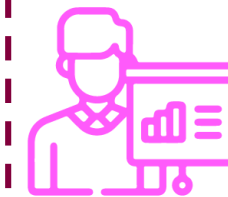
- The achievement of measurable, positive social impacts, including environmental ones, rather than generating profit for other purposes;
- Uses its profits first and foremost to achieve its primary social objective;
- Is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders on whom its business activities have an impact.



Social Impact Investing & Social Innovation

Investments aimed at supporting impact driven enterprises, which:

- Shall have as their main objective the pursuit of social impact including through expansion and scaling of their business model and related impact strategy, including skills and education. They may also include environmental objectives.
- Consider positive impact accruing to stakeholders as an investment objective at-par with the financial risk/return profile.



Skills & Education

Investments aimed at supporting Social Enterprises and/or impact-driven enterprises and/or social sector organisations pursuing activities related to education and training, covering early childhood and lifelong education and training as well as related services, which facilitate the development of new skills and the strengthening of established skills.

Visit eif.org to access:

the *Calls for Expression of Interest* (available/e [here](#))

Thank you!



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Disclaimer

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