



# Skills and Education EFSI Guarantee Pilot Paving the way into #InvestEU

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 #ficompass



# Why?

- **Change in jobs and technology** require new skills
- Need to upgrade **educational infrastructure**
- But **learning at school/university** is **not enough**
- We need to involve **other actors – businesses** that have now a critical role to play e.g. innovative educational institutions; individuals' own engagement and investment

# What is to be achieved?



- **Stronger private sector investment** in skills and skills management, through easier access to financing to the benefit of:
  - **Firms**, to strengthen workforce skills and skills management
  - **Innovative providers of education, training and related services**, to grow and innovate
  - **Individuals**, willing to invest themselves

# Education, training and skills market, annual expenditure, EU28



Sector	Expenditure (billion EUR)	InvestEU
School education	500+	Infrastructure, technology
University education	200+	Infrastructure, technology, student housing, student loans
Employer investment in training and skills	150+	Training, skills management, HR
Other public and private	50+	Innovation and various other activities
<b>Total market</b>	<b>900+</b>	

# Human capital costs, annually, EU28

Sector	Expenditure (billion EUR)	InvestEU
Manufacturing	280+	Innovation in human capital sourcing and management
Construction	170+	
Trade	170+	
Finance and insurance	110+	
Professional services	50+	
Admin and support	160+	
Other	...	
<b>Total market</b>	<b>1700+</b>	

# Skills and Education EFSI Guarantee Pilot

New EU financial instrument aiming at supporting the access of EU students and workforce to proper education, training and skills development



## EU Policy objective

EFSI aims, inter alia, at providing a more focused support for Education and Skills Development in order to cope with the evolving needs of the EU labor market (e.g. strengthen the competitiveness of the EU workforce as the basis for

## #InvestEU

Paving the way into InvestEU – Risk-sharing instrument to incentivise Financial Intermediaries<sup>(1)</sup> to provide financing to eligible individuals, enterprises and organisations for the purpose of education and skills development

## Budget

EFSI Budget of **EUR 50m** made available for transactions in EU Member States

## Target populations

### Category A

Students and Learners



### Category B

Enterprises investing in Skills



### Category C

Organisations supplying education, training, skills & related services



**Foreseen to be available before 31 December 2019**

<sup>(1)</sup> Education institutions (including inter alia universities or associations of universities) may also be eligible as Financial Intermediaries, particularly for deferred payment facilities to their students.

# Education, training and skills as the basis for economic growth

## Target populations

### Students and Learners



- **80%** guarantee rate for **15 years**
- **Cap rate up to 25%** - typically set at max
- **Up to EUR 30,000** financing amount
- Tuition fees for **Eligible Educational Programmes** (e.g. Bachelor, Master, PhD, Digital skills trainings etc.) **and living costs**
- Only personal guarantee of borrower (no other collateral / parental guarantee)

### Enterprises investing in Skills



- **70%** guarantee rate for **10 years**
- Cap rate at **expected loss, max 25%**
- **Up to EUR 2m** financing amount (limited to 2x the amount of the direct costs related to the investment in Skills, as evidenced by relevant documentation e.g. training plan/budget, offer by a training provider etc.)
- **SMEs and Small Mid-Caps (<500 staff, including public entities)**

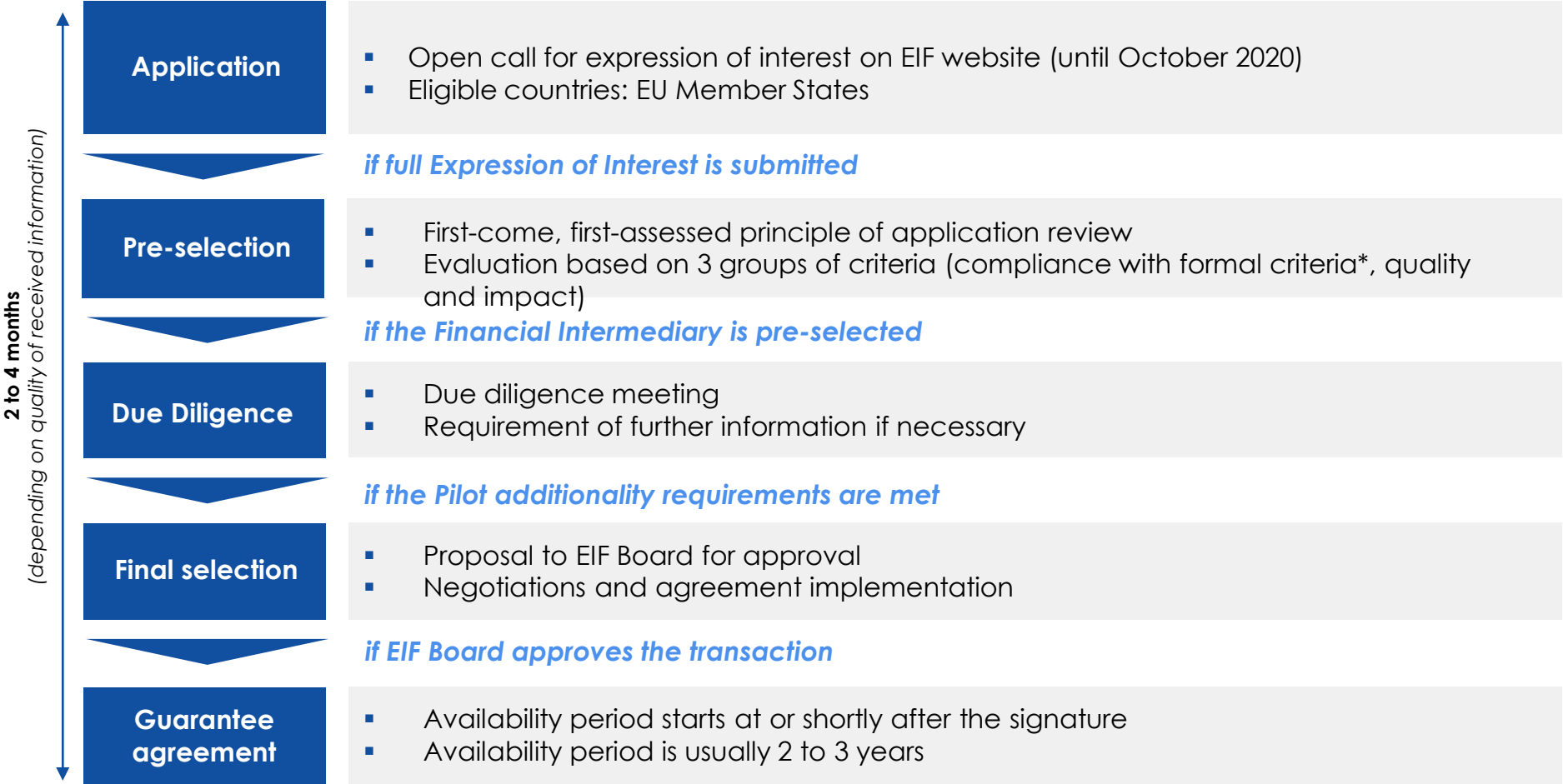
### Organisations supplying education, training, skills & related services



- **70%** guarantee rate for **10 years**
- Cap rate at **expected loss, max 25%**
- **Up to EUR 2m** financing amount
- **NACE Code Group P** - any entity engaged in an economic activity, irrespective of its legal form e.g. kindergartens, universities, vocational training centers, online training providers etc.

HIGH-LEVEL  
INDICATIVE TERMS

# Usual selection process of Applications and workflow



\* Signed Declaration of Honour and full application submitted



# Capacity building – paving the way into InvestEU

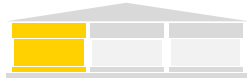


- Potential Capacity Building activities aiming at **market awareness raising** on the **new policy objectives** being developed under InvestEU
- Objective to **attract also new financial intermediaries** e.g. income-contingent loan providers, universities, vocational training centers, online lending providers etc.



# Appendix

## Detailed indicative terms



# Students and learners



## EU Policy Objective

To cover educational / skills gap in Europe resulting from – inter alia – societal and technological transformation of the European economy

### Portfolio Guarantee

Free of charge. First Loss. Capped.

**80%**  
Guarantee Rate

up to  
**25%**  
Guarantee Cap Rate<sup>(1)</sup>

up to EUR  
**30k**  
Principal amount

**15** years  
Maximum maturity<sup>(2)</sup>

**10%**  
Minimum exposure  
to each  
transaction

Standard EIF Capped Guarantees Terms will apply, fully delegated model and quarterly

### Eligible Recipients

- Individuals undertaking an Eligible Educational Programme (or any part of it) in a Member State of the EU:
  - Classifications 3-8 of the International Standard Classification of Education** (e.g. Bachelor, Master, PhD, etc.);
  - Programmes leading to nationally recognised qualifications** (i.e. included in national/regional qualification frameworks (NQFs) of participating countries);
  - Digital Skills programmes;**
  - Trainings in labour market relevant skills** (e.g. trainings providing professional skills for occupations in high demand, as designated by competent national or European authorities (e.g. EURES, national public employment services, national migration services).

### Purpose of financing

- Tuition fees and living costs incurred during studies / training even if those are undertaken in a Member State of the EU different from the Member State of the Financial Intermediary or the student / learner (Mobility).

### Eligible Transactions

- Type of financing: debt financing, deferred payments, income linked or income contingent financing.
- Covering only amounts not covered by the national/regional means of support<sup>(3)</sup>:
  - the Financial Intermediary, when applying to EU Guarantee support under this Category A, would make a proposal for the intended use of the guarantee in a complementary manner to existing support schemes in the relevant Country(-ies) of operation<sup>(4)</sup>.
  - the student / learner (via a declaration to be obtained by the Financial Intermediary at the latest by the date of signature of the relevant financing loan contract that should be kept on record by the Financial Intermediary) would indicate any financial support received from the other existing support schemes in the relevant Country<sup>(5)</sup> and the total/additional amount of financing needed.
- Only personal guarantee (no collateral or parental guarantee); any additional favourable terms proposed by the Financial Intermediary (e.g. longer grace periods, etc.) will be positively considered during the evaluation.

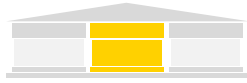
<sup>(1)</sup> Up to 25% and typically set at its maximum.

<sup>(2)</sup> For the avoidance of doubt, Final Recipient Transactions might have longer maturities.

<sup>(3)</sup> The EU guarantee is intended as a complementary/synergistic measure to national supporting schemes and it does not compete with other EU initiatives.

<sup>(4)</sup> For Financial Intermediaries that are operating under the Erasmus+ Student Loan Guarantee Facility any debt financing eligible under the Erasmus+ Student Loan Guarantee Facility would need to be included in the Erasmus+ portfolio and not under the Skills & Education Pilot.

<sup>(5)</sup> A list of such schemes per Country would be provided by EIF within the applicable Skills & Education Pilot Guarantee Agreement.



# Enterprises investing in Skills



## EU Policy Objective

To improve skills and utilisation of the European workforce's skill set to contribute to the increase of an enterprise's competitiveness and productivity while achieving job preservation of the employed

### Portfolio Guarantee

Free of charge. First Loss. Capped.

**70%**  
Guarantee Rate

up to  
**25%**  
Guarantee Cap Rate

up to EUR  
**2m**  
Principal amount

**10** years  
Maximum maturity<sup>(1)</sup>

**12** months  
Minimum maturity

**10%**  
Minimum exposure  
to each  
transaction

Standard EIF Capped Guarantees Terms will apply, fully delegated model and quarterly reporting to EIF

### Eligible Recipients

- SMEs, Small Mid caps<sup>(2)</sup>, Small Public Enterprises<sup>(3)</sup> established and operating in a Member State of the EU.

### Purpose of financing

- Investment in intangible assets and working capital linked to Eligible Investment into Skills:
  - Apprenticeships;
  - Programmes leading to nationally recognised qualifications;
  - Traineeships;
  - Student Entrepreneurship;
  - Digital Skills;
  - Trainings/other Skills acquisition.

### Eligible Transactions

- Type of financing: debt financing.
- The debt financing amount should not be higher than twice the amount of the direct costs related to the investment in Skills, as evidenced by relevant documentation (e.g. training plan/budget, offer by a training provider, etc).
- Direct costs for training may include fees, travel and subsistence costs, labour costs<sup>(2)</sup> of internal trainers & support staff, costs of training materials and costs of training premises.

<sup>(1)</sup> For the avoidance of doubt, Final Recipient Transactions might have longer maturities.

<sup>(2)</sup> Defined as enterprise with up to 499 employees.

<sup>(3)</sup> Defined as public enterprise with up to 499 employees.

<sup>(4)</sup> As it may be required by national legislation, salaries paid to apprentices and trainees may be also considered as direct costs.



# Organisations supplying education, training, skills and related services

## EU Policy Objective

To improve the ecosystem of the supply of education, training and skills-related services



Free of charge. First Loss. Capped.

Standard EIF Capped Guarantees Terms will apply, fully delegated model and quarterly reporting to EIF

## Eligible Recipients

- SME, Small Mid cap, Small Public Enterprise or organisations (or associations thereof)<sup>(2)</sup>, established and operating in a Member State of the EU, including:
  - newly established with an economic activity in the field of education/skills (NACE codes in group P)<sup>(3)</sup>, and
  - existing with a substantial focus<sup>(4)</sup> of their economic activity in the field of education/skills (NACE code in group P).

This would include the provision of educational services/trainings at all levels to enterprises or individuals as well as provision of student housing and early childhood services (including kindergartens, nursery schools, etc.).

OR

- SMEs, Small Mid caps, Small Public Enterprises that intend to use the financing for the purpose of developing an educational / skills project that falls under one of the NACE code of group P (Education).

## Purpose of financing

- Investment in tangible and intangible assets, as well as working capital.

## Eligible Transactions

- Type of financing: debt financing.

<sup>(1)</sup> For the avoidance of doubt, Final Recipient Transactions might have longer maturities.

<sup>(2)</sup> Any entity engaged in an economic activity, irrespective of its legal form.

<sup>(3)</sup> Newly established shall be understood as up to two years since establishment date.

<sup>(4)</sup> Substantial focus should be understood as at least 20% of the sales/turnover to derive from an economic activity in the field of education/skills.

# Contact details

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