

got skills?

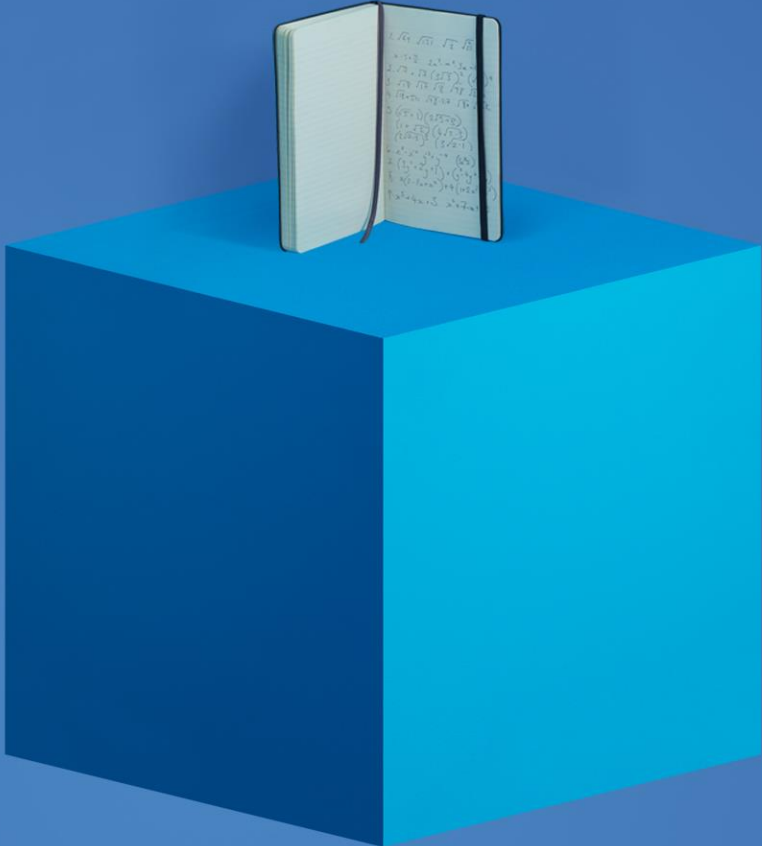
LEVEL UP

Q & A



Q&A

Nature of the applicant



Nature of applicants

NGOs and non-for-profit

Are NGOs, non-for-profit organisations and associations providing trainings or education services eligible to become financial intermediaries?

Any entity that is providing education / training to students and/or adult learners at a cost, could be considered as an eligible financial intermediary under the S&E Pilot for as long as it can evidence its capacity to manage a payment deferral scheme. The **legal form or nature of the entity do not constraint** this eligibility.

Consortia of organisations

Can a consortium of university partners or of NGOs focusing on learning / education become a financial intermediary? How would the guarantee / legal relationship be structured?

Yes, consortiums of universities or other institutions providing education and training (e.g. NGOs focusing of learning / education) **can apply as a consortium**. However, there must one entity out of the consortium that would be appointed as the consortium's leader and will be the point of contact for EIF when it comes to the implementation of the S&E Pilot (e.g. guarantee agreement, reporting requirements, etc.) i.e. the coordination entity.

Nature of applicants

Non-EU entities

Can organisations established in a country other than in a Member State of the EU become financial intermediaries under the S&E Pilot or after the pilot phase?

Only entities established and operating **in the EU Member States** are eligible to participate in the S&E Pilot. Expansion of the geographical coverage of the support to skills and education will be explored in the next EU programming period starting as from post 2020.

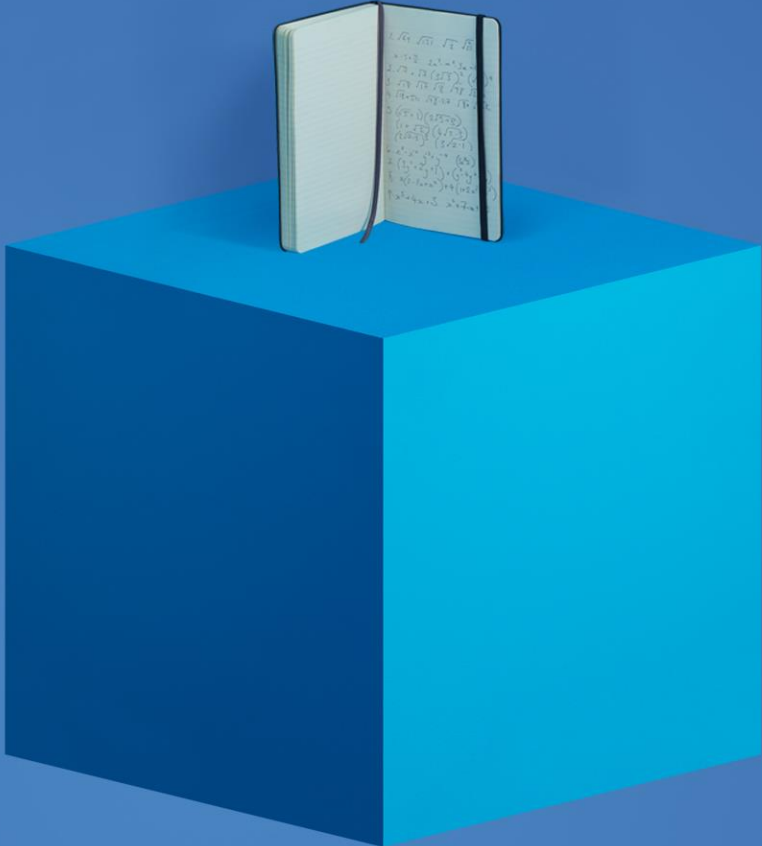
Payment deferral treatment

Will intermediaries not be perceived as providing loans to the students by deferring the fees; hence requiring a banking license?

The deferral of payments scheme is meant to provide **flexibility in the repayment** of the fees due to your institution by your own students only thus should **not be considered as a loan** as such. We have already covered deferral of payments scheme with two universities under the Erasmus+ Student Loan Guarantee Facility where no regulatory issues were identified. It is nevertheless up to each Financial Intermediary to assess any risks that may arise from the implementation of a deferral of payments scheme in their respective countries.

Q&A

*Application
deadline*



Deadline of the Call



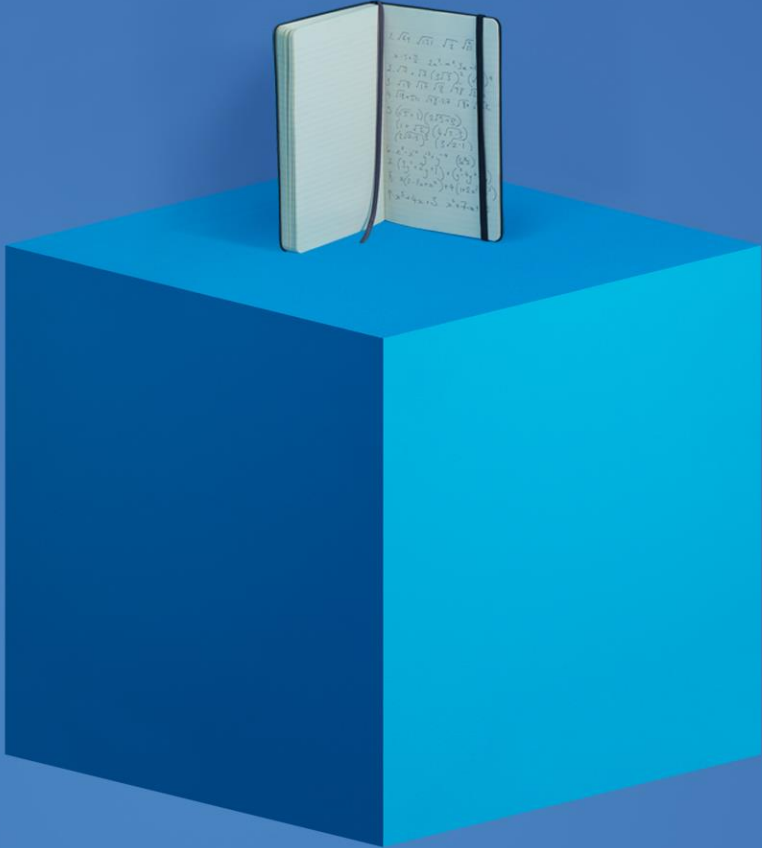
Deadline

When is the deadline to apply to the programme? How long does the process take from application until the guarantee agreement is signed?

The Expression of Interest shall be submitted no later than 31 October 2020. The received applications are processed in a chronological order, and it usually takes 2-4 months until the guarantee agreement is signed. The length of the selection process depends on the quality of information received and required follow-up exchanges.

Q&A

Students and learners



Creation of the portfolio

Eligibility

Who decides on student's eligibility for deferral of payments, and under what conditions?

The framework of the eligibility ("rules of the game") is set within the S&E Pilot designed by the EIF. The Financial Intermediaries will need to design their deferral of payments schemes for students / learners based on this framework. The selection of students / learners to benefit from a deferral of payments is made by the Financial Intermediaries themselves taking into account the S&E Pilot framework as well as the specific conditions defined for their deferral of payments schemes within the relevant Guarantee Agreements signed with EIF.

Inclusion of students

For how long after signing the agreement will the financial intermediary be able to offer payment deferral schemes covered by the guarantee?

After signing the guarantee agreement with the EIF, the Financial Intermediary will have 2-3 years to sign the deferral of payments transactions with its selected students / learners. The deferral of payments transactions signed during that period will complete the portfolio of transactions that will be covered by the S&E Pilot guarantee for 15 years as from the date of the signature of the guarantee agreement.

Studies

Completion of studies

Does the guarantee cover only students who have completed the entire study programme?

If the transaction was entered into and eligible under the S&E pilot, the guarantee will continue covering also students who have subsequently dropped out of the study programme. However, in this instance a downward adjustment of the outstanding principal amount might be required to match the costs actually borne by the Financial Intermediary in case of reduced study duration.

New and existing students

Can the deferral of payments scheme be offered only to new students (i.e. who are yet to begin their studies) or can it be offered to existing students / learners?

The deferral of payments schemes under the S&E Pilot can be equally offered to both new students / learners as well as existing students / learners for the remainder of their fees.

Students' nationality (1/2)

Nationality

Is there any limitation linked to the nationality of the student that would not allow him/her to benefit from the payment deferral scheme under the S&E Pilot?

Both EU nationals and international students are eligible under the S&E Pilot for as long as they undertake their studies in a Member State of the EU.

Non-EU nationals

What if a Non-EU national is not a resident in a Member State of the EU, but has been accepted for studies by a university based in a Member State of the EU? Does he/she qualify as a final recipient under the S&E Pilot in anticipation of him/her located in a Member State of the EU as soon as the studies begin?

A financial intermediary can decide to include such a student in its portfolio of the deferral of payments transactions but this transaction will only be covered by the S&E Guarantee if the student indeed undertakes his/her studies in a Member State of the EU once the studies commence.

Students' nationality (2/2)

Mobility Programmes

Can students in temporary mobility programmes (e.g. Erasmus) be covered by the S&E Guarantee through the deferred payments schemes?

Yes, fees of students in temporary mobility are eligible and can be covered by the S&E Guarantee. Please note that the payment deferral support should be provided for any fees in excess of any other financing support received by the student / learner including grants linked to their mobility programme, etc. Please refer to slide 15 for more details on the complementary use of the funding under the S&E Pilot.

Refugees & asylum seekers

Could refugees and asylum seekers, who are qualified to study, be final recipients under the S&E Pilot?

The S&E Pilot does not impose any eligibility limitations linked to refugee or asylum seekers status of students. The support of such profile of students is eligible (and encouraged) for as long as these students undertake their studies in a Member State of the EU.

Specific requirements on students



Socioeconomic

Do the deferral of payments schemes need to have a social edge (i.e. linked to the socioeconomic background of the students / learners)? How would this be assessed in the application?

The S&E Pilot does not impose any eligibility limitations linked to the socioeconomic background of the students / learners. However, Financial Intermediaries may introduce a social edge to their deferral of payments schemes if they so wish and at their own discretion. Any conditions that contribute positively to the inclusion of disadvantaged groups of students / learners into the deferral of payments schemes would be considered favorably in the application process.



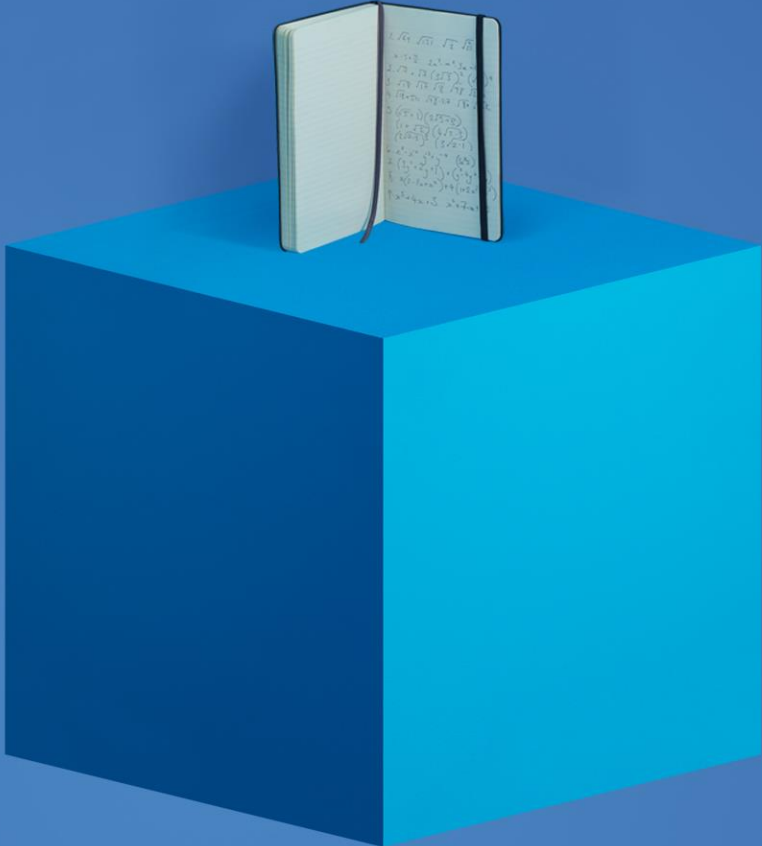
Merit

Do the deferral of payments need to be tied to merit by the students / learners (e.g. good grades)?

The S&E Pilot does not impose any eligibility limitations linked to merit by the students / learners. However, Financial Intermediaries may link their deferral of payments schemes to merit if they so wish and at their own discretion.

Q&A

*Programme
features*



Eligible programmes and costs

Higher Skills

What do you mean with higher skills (i.e. more specialized skills) and are there certain skills that have priority over others within the S&E Pilot?

The S&E Pilot supports any kind of skills that can be developed under an "eligible educational programme" as defined under the terms of the Pilot. In brief, the term "eligible educational programme" entails any programmes falling under ISCED classifications 3-8 plus programmes leading to nationally recognised qualifications, programmes for digital skills and trainings in labour market relevant skills and no priority is given to one over the other under the S&E Pilot. The "eligible educational programmes" are further defined in the Annex II of the Call for Expression of Interest.

Covered costs

Can the cost of the teachers, investment in learning materials or infrastructure be included in the tuition fee and therefore covered by the student deferral of payments?

Tuition fees are normally set to cover the costs tied to providing education services. In that sense, all such expenses could indirectly be covered by the student deferral of payments scheme. However, the pricing of your services is managed solely by you. What is relevant for the S&E Pilot is for the fees that you would ultimately charge to your students / learners to be deferred in line with the deferral of payments schemes you will be offering under the S&E Pilot.

Other support programmes

Financial Intermediary

Can the S&E Pilot Guarantee be combined with other national/regional/EU guarantees and support programmes?

The terms and conditions of the S&E Pilot **do not impose any limitation** on other structural EU / national / de Minimis schemes, although any Staid Aid rules deriving by those schemes must be complied with.

However, what needs to be ensured under the S&E Pilot is that the **Financial Intermediary retains 20%** of the risk of the portfolio of the deferred payment transactions itself (without additional support from other schemes).

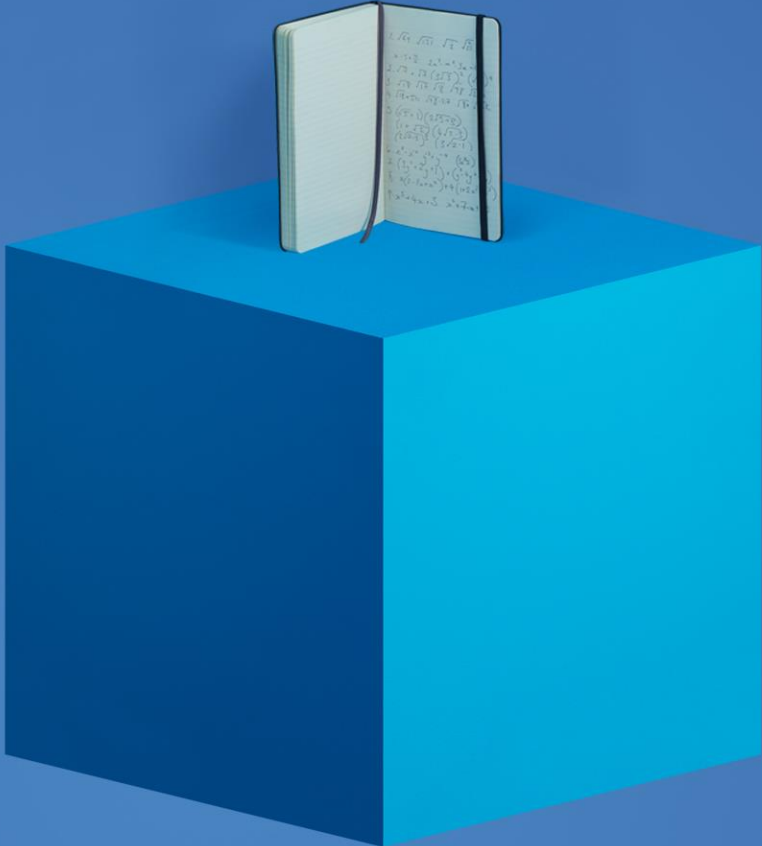
Students

Can the deferral of payments scheme be offered to students / learners benefiting from other sources of financial support?

The S&E Pilot aims to support students/learners in a **complementary manner** to any other financial support he/she receives (e.g. national grants/loans) and there should not be any double funding or coverage of the same costs twice. In that respect, any student / learner under consideration for coverage under the payment deferral scheme will need to **provide a declaration** indicating any financial support received from other support schemes and the total additional amount of financing needed, which shall be kept on record by the Financial Intermediaries.

Q&A

Losses and recovery



Other support programmes



Guarantee cap

What is the guarantee rate, guarantee cap rate and guarantee cap amount?

The S&E guarantee covers losses on each covered deferred payment transaction at the Guarantee Rate (i.e. 80%) up to the Guarantee Cap Amount i.e. the maximum aggregate net amount, which the EIF may be liable to pay under the Guarantee and calculated with the following formula:

Guarantee Cap Amount = Actual Portfolio Volume x Guarantee Rate x the Guarantee Cap Rate

where, (i) the Actual Portfolio Volume is the sum of the values of the deferral of payments transactions included by the Financial Intermediary through the quarterly reporting to EIF; and (ii) the Cap Rate is a fixed percentage defined in the Guarantee Agreement, normally set at its maximum i.e. 25%.

Loan default



*Default
definition*

At which point can a Financial Intermediary conclude that a student / learner cannot repay, thus, can report a guarantee call to the EIF (i.e. what is the definition of default)? Are there special procedures to follow and what are the consequences?

The transaction is considered defaulted if either:

- (a) a student has failed to meet any payment obligation under the relevant transaction and such failure to pay has continued for at least 90 consecutive calendar days; or
- (b) the financial intermediary considers at any time (acting reasonably and in accordance with its internal procedures) that a student will be unlikely to meet its payment obligations.

There are no consequences in case of default and when this is declared to the EIF, but any subsequent recoveries by the defaulted student / learner will need to be shared with the EIF at the percentage initially covered through the guarantee call.

Loss recovery framework



Loss recovery

How are losses from non-repayments by the students / learners being recovered by the EU guarantee, and within what time frame?

The EU guarantee under the S&E Pilot covers losses for 15 years as from the date of the signature of each deferred payment contract. In case the Financial Intermediary suffers losses related to one or more of its deferral of payments transaction(s), it shall submit a guarantee call to the EIF via the quarterly reporting.

Upon receipt of the guarantee call and within 60 calendar days, the EIF will pay amounts claimed and due, in line with the Guarantee Agreement conditions, based on the last quarterly report received.

Any amounts that may be recovered from the defaulted student / learner at a subsequent date after the guarantee call has been paid by the EIF, must be shared with the EIF pro-rata at the percentage initially covered by EIF.

Thank you!

*Contact us:
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