

## EUROPEAN FUND FOR STRATEGIC INVESTMENTS

### Skills & Education Guarantee Pilot (“S&E Pilot”)

#### DISCLAIMER

This document provides some information on the terms of the Skills & Education Guarantee Pilot and its related documentation. This document is not, and should not be construed as, a binding document. It does not provide a detailed description of any party’s rights and obligations under the Skills & Education Guarantee Pilot documentation and should not be used to construe any of the terms set out thereunder. This document is qualified in its entirety by the terms and conditions contained in the relevant Skills & Education Guarantee Pilot documentation. This document does not constitute an offer of any nature whatsoever and does not create any binding obligations on EIF to enter into a contract with any third party in relation to the Skills & Education Guarantee Pilot or otherwise.

## FREQUENTLY ASKED QUESTIONS

### updated on 18 August 2020

In accordance with the provisions of the [Call for Expression of Interest](#) published on the EIF’s website on 14 April 2020 to select Financial Intermediaries under the Skills & Education Guarantee Pilot (“S&E Pilot”), you will find here below a list of some of the most commonly asked questions. Please read through these FAQs before contacting the EIF.

If your question is not answered below and you believe it would be a good addition to the FAQ list, please send your suggestions via e-mail to [s-e-pilot@eif.org](mailto:s-e-pilot@eif.org).

Unless defined otherwise in this FAQ, all capitalised terms used in this document shall have the meaning attributed to them in the above mentioned Call for Expression of Interest.

## Contents

1.	What is the Skills & Education Guarantee Pilot?	3
2.	How does the Skills & Education Guarantee Pilot work?	3
3.	What institutions can be deemed eligible Financial Intermediaries under the Skills & Education Guarantee Pilot?	4
4.	Could you please clarify how the 20% minimum risk retention requirement referred to in Annex II of the Open Call for Expression of Interest is calculated?	4
5.	Is the same Financial Intermediary allowed to apply for more than one financial instrument available by the European Investment Fund (e.g. both for the Skills and Education Pilot and for Cultural and Creative Sectors Guarantee Facility)?	5
6.	I am a Financial Intermediary that has entered into a guarantee agreement with EIF under the Erasmus+ Student Loan Guarantee Facility ("Erasmus+ SLGF"). Can I still apply to become a Financial Intermediary under the S&E Pilot?	5
7.	Until when will the Open Call for Expression of Interest of the Skills & Education Pilot be open for applications?	5
8.	Could you clarify at what time Financial Intermediaries could start offering Final Recipient Transactions under the Skills & Education Pilot in their respective markets?	5
9.	Could you clarify whether any "State Aid" rules apply to the Skills & Education Pilot?	6
10.	Could you clarify whether the Skills and Education Pilot may interfere with other EU / national / de minimis schemes which would sustain the same project from a liquidity point of view?	6
11.	Which are the eligible Final Recipients under the Skills & Education Guarantee Pilot?	6
12.	How can Final Recipients (private individuals, EU enterprises or organisations active in the field of skills, training and education) benefit from the Skills & Education Guarantee Pilot?	6
13.	What are the main eligibility criteria of the Final Recipient Transactions under the Skills & Education Guarantee Pilot?	7
14.	What expenses are considered related to an Eligible Educational Programme?	8
15.	I am a student/learner wanting to request financing under the S&E Pilot. What is the maximum loan / fee deferral amount I could get?	8
16.	I am a student/learner and I receive financial support from national/regional existing supporting schemes. Can I still benefit from the S&E Pilot?	8
17.	I am a student/learner and I want to follow an Eligible Education Programme in the form of e-learning provided by an institution located outside the EU. Can I benefit from the S&E Pilot?	8
18.	I am a student/learner and I would need financing to sustain a mobility programme (i.e. a programme in a different country). Is this expense eligible under the Skills and Education Guarantee Pilot?	8
19.	What is the maximum amount that can be provided to Enterprises (i.e. SMEs, Small Mid-caps or Small Public Enterprises) investing in skills and skills utilisation of their workforce?	9
20.	What are Eligible Investments in Skills?	9
21.	What are the requirements for organisations supplying education and training to be eligible as Final Recipients?	9

## General clarifications

### 1. What is the Skills & Education Guarantee Pilot?

The Skills & Education Guarantee Pilot (S&E Pilot) is a new debt financing initiative supporting the EU policy objective to stimulate investments in *quality and inclusive education, training and lifelong learning* – as part of the solution to involve more people into the labor market and to better respond to the European economy's changing skills needs. This initiative benefits from the EU's budget support under the European Fund for Strategic Investments (EFSI).

Under this facility, EIF provides (counter-) guarantees to Financial Intermediaries building up new portfolios of debt financing dedicated to eligible groups of final recipients: (A) individuals (students and learners) undertaking an academic degree or a skills development training; B) European enterprises investing in skills and skills utilisation of their workforce and (C) European organisations supplying services in the field of education and skills development.

### 2. How does the Skills & Education Guarantee Pilot work?

The functioning of the S&E Pilot could be described as a three-fold relationship having the following layers:

#### **European Commission – European Investment Fund**

The European Commission has allocated EUR 50m to the S&E Pilot out of the overall budget of the European Fund for Strategic Investments and it has mandated the management of it to the European Investment Fund.

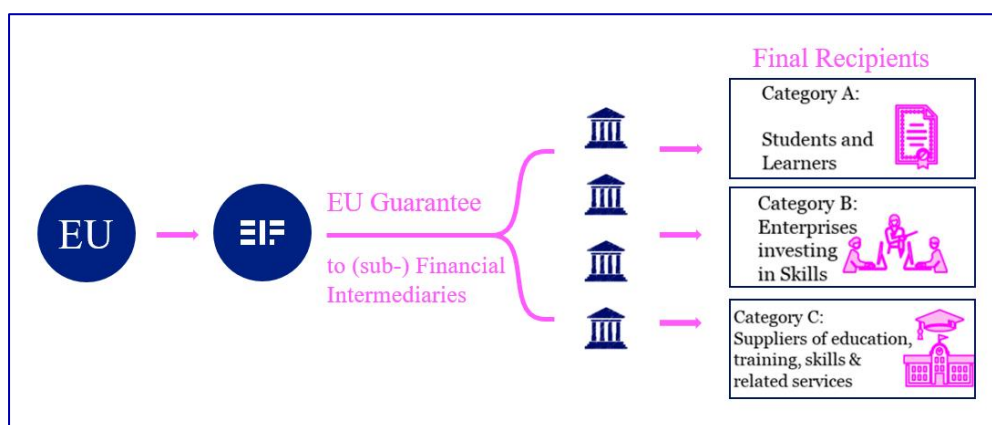
#### **European Investment Fund – Financial Intermediaries**

In its capacity as manager of the S&E Pilot, the European Investment Fund deploys the dedicated budget under a delegated model through Financial Intermediaries. The deployment is made in the form of capped (counter-) guarantees.

In other words, the European Investment Fund provides partial risk coverage to selected Financial Intermediaries by committing to cover part of the losses that they may potentially incur out of the portfolio of debt financing made available under the S&E Guarantee. More precisely, the European Investment Fund would cover 80% of the losses of each underlying debt financing transaction carried out by a Financial Intermediary under the S&E Pilot (i.e. 80% Guarantee Rate) up to a certain amount i.e. the cap amount. The cap amount is determined at portfolio level and it is fixed as a percentage of up to 25% of the aggregate guaranteed (up to 80%) amount of principal (excluding capitalized interest) committed to be made available under newly originated Final Recipient Transactions included in the portfolio.

#### **Financial Intermediaries – Final Recipients**

Thanks to the risk sharing mechanism offered by the European Investment Fund, Financial Intermediaries are more willing to provide access to debt financing (e.g. loans, deferred payment of fees, etc.) to eligible Final Recipients under the S&E Pilot. Thanks to the guarantee, Final Recipients benefit from easier access to finance and better terms.



### Financial Intermediaries

#### 3. What institutions can be deemed eligible Financial Intermediaries under the Skills & Education Guarantee Pilot?

Under the S&E Pilot, any institution that is duly authorised to carry out debt financing or issue guarantees in accordance with applicable laws and regulations can be selected as a Financial Intermediary, through the assessment process performed by the EIF following an application to the Open Call for Expression of Interest.

In addition, any institution or organization (e.g. university or association of universities, vocational training centre, regional authority, trade associations) willing to provide debt financing exclusively to students and learners (i.e. only for the Category A of Final Recipients eligible under the S&E Pilot) could also be a Financial Intermediary under the S&E Pilot. The debt financing could be provided through granting students and learners deferred payment on tuition or housing fees or other related expenses. The ability to support such activity will be demonstrated through the assessment process performed by the EIF following an application to the Open Call for Expression of Interest.

Final Recipients can address themselves for information on the selected Financial Intermediaries to the dedicated [S&E Pilot](#) webpage.

#### 4. Could you please clarify how the 20% minimum risk retention requirement referred to in Annex II of the Open Call for Expression of Interest is calculated?

This requirement is not related to the collateral cover of a certain loan but to any additional risk cover (hedge or mitigation of the credit risk of the portfolio) not provided by the Final Recipients and is meant to ensure the alignment of interest between EIF and the Financial Intermediary. As outlined in Annex II of the Open Call for Expression of Interest document, it is expected that the Financial Intermediary retains a minimum 20% exposure to the overall portfolio of transactions covered by the S&E Pilot.

**5. Is the same Financial Intermediary allowed to apply for more than one financial instrument available by the European Investment Fund (e.g. both for the Skills and Education Pilot and for Cultural and Creative Sectors Guarantee Facility)?**

Yes, it is possible to apply for more than one of the financial instruments of the EIF, as long as the conditions of application for each of the financial instrument are fulfilled. In addition, the complementarity between the different financial instruments should be clearly demonstrated, since the target of each application should not overlap. If an application is made within 12 month from the preceding application to another financial instrument, limited information requirements may apply.

**6. I am a Financial Intermediary that has entered into a guarantee agreement with EIF under the Erasmus+ Student Loan Guarantee Facility (“Erasmus+ SLGF”). Can I still apply to become a Financial Intermediary under the S&E Pilot?**

Yes, any Erasmus+ SLGF Financial Intermediaries could also become S&E Pilot Financial Intermediaries as long as they are successfully selected by the EIF further to an application to the Open Call for Expression of Interest for the S&E Pilot. However, while the two programmes are in operation, in case a Final Recipient Transaction is eligible under both the S&E Pilot and Erasmus+ SLGF, this must be included in the Erasmus+ SLGF portfolio and it shall not be eligible to be included in the S&E Pilot portfolio.

**7. Until when will the Open Call for Expression of Interest of the Skills & Education Pilot be open for applications?**

The S&E Pilot open call for expression of interest will be open for applications until 31<sup>st</sup> October 2020 or a different date as may be announced officially on EIF’s website.

**8. Could you clarify at what time Financial Intermediaries could start offering Final Recipient Transactions under the Skills & Education Pilot in their respective markets?**

With the objective of enabling Financial Intermediaries to offer Final Recipient Transactions in their markets as early as possible, the Skills & Education Pilot can provide cover to Final Recipient Transactions originated before the signature of the Guarantee Agreement between the Financial Intermediary and EIF as long as these Final Recipient Transactions: (i) were approved no earlier than 1 July 2020; (ii) were entered into during the Inclusion Period; and (iii) have been entered into with a view to being included in the Portfolio.

This would allow Financial Intermediaries to start offering e.g. support to Students and Learners already for the academic year 2020-2021 in parallel to the finalization of the signature of the Guarantee Agreement with EIF.

For further details about this feature and how it could work in respect of a Financial Intermediary’s business plans for its participation in the Skills & Education Pilot, please consult EIF.

## 9. Could you clarify whether any “State Aid” rules apply to the Skills & Education Pilot?

Please note that S&E Pilot is State Aid consistent (i.e. the guarantees provided under the S&E Pilot are not to be considered State Aid).

## 10. Could you clarify whether the Skills and Education Pilot may interfere with other EU / national / de minimis schemes which would sustain the same project from a liquidity point of view?

The terms and conditions of the S&E Pilot do not impose any limitation on other structural EU / national / de minimis schemes.

In cases of measures co-funded by structural or national funds, State Aid rules relevant to those co-financing measures must be complied with (e.g. De Minimis Regulation, General Block-Exemption Regulation, etc.). For instance, if the Financial Intermediary is a national promotional institution, its financing activities, including under the S&E Pilot, might constitute State aid and be subject to State aid rules.

## *Final Recipients*

## 11. Which are the eligible Final Recipients under the Skills & Education Guarantee Pilot?

A Final Recipient is an individual or entity receiving support under a Final Recipient Transaction provided by selected any Financial Intermediary, falling under one of the following three categories:

- Category A: Students and Learners interested to complete an “eligible educational programme” in an EU Member State;
- Category B: SMEs, Small Mid-caps and Small Public Enterprises based in an EU Member State investing in skills and skills utilisation of their workforce; and
- Category C: Organisations based in an EU Member State supplying education, training, skills and related services (including kindergartens, nursery schools, early childhood services, etc.).

## 12. How can Final Recipients (private individuals, EU enterprises or organisations active in the field of skills, training and education) benefit from the Skills & Education Guarantee Pilot?

The financing support under the S&E Pilot is made available through a fully delegated model by EIF to Financial Intermediaries. More specifically, EIF sets the framework under which the debt financing under the S&E Pilot shall be made available, and this framework needs to be adopted and adhered by the Financial Intermediaries when performing financing operations under the S&E Pilot.

Final Recipients shall address themselves to selected Financial Intermediaries to request debt financing and benefit from the S&E Pilot. EIF will publish and update the list of selected Financial Intermediaries at the dedicated [S&E Pilot](#) webpage on a continuous basis.

Financial Intermediaries are the sole responsible for the selection of Final Recipients and for the approval of financing operations according to their credit policy and the rules of the S&E Pilot. Therefore, Final Recipients looking for financing may contact the selected Financial Intermediaries directly.

Under the S&E Pilot, EIF supports Final Recipients indirectly through intermediaries providing:

- a) financial (counter-) guarantees to banks and other financial intermediaries who extend loans or other forms of debt financing to Category A, B, and C of Final Recipients (see Question 4), and
- b) financial guarantees to organisations supplying education and training (e.g. universities, Vocational Education & Training providers, etc.) willing and able to provide financing and/or deferred fee payments to the benefit of Category A of Final Recipients (students and learners).

Final Recipients under Category A (i.e. students and learners) can address themselves for financing either at the higher education institution where they undertake their studies / training, if this is one of the selected Financial Intermediaries under the S&E Pilot, or at a financing institution amongst the selected Financial Intermediaries under the S&E Pilot.

### 13. What are the main eligibility criteria of the Final Recipient Transactions under the Skills & Education Guarantee Pilot?

Eligibility criteria for Final Recipient transactions:			
	Category A	Category B	Category C
Loan amount	<ul style="list-style-type: none"> <li>• Max. EUR 30k per student / learner</li> </ul>	<ul style="list-style-type: none"> <li>• Up to EUR 2m per Final Recipient Transaction</li> <li>• Limited to 2x direct planned costs<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Up to EUR 2m per Final Recipient Transaction</li> </ul>
Maturity	<ul style="list-style-type: none"> <li>• No limitations.</li> <li>• Term of the guarantee limited to 15 years<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Min. 12 months</li> <li>• For Revolving Credit Transaction, max maturity 9 years</li> <li>• Term of the guarantee limited to 10 years<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Min. 12 months</li> <li>• For Revolving Credit Transaction, max maturity 9 years</li> <li>• Term of the guarantee limited to 10 years<sup>2</sup></li> </ul>
Purpose	<ul style="list-style-type: none"> <li>• Expenses related to an Eligible Educational Programme<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Eligible Investments in Skills<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Business Activity or projects falling under the NACE CODE P<sup>5</sup></li> </ul>
Others	<ul style="list-style-type: none"> <li>• No collateral or parental (or other third party) guarantee</li> </ul>	n/a	n/a

<sup>1</sup> See question 18 for further information.

<sup>2</sup> Final Recipient Transactions may have a longer maturity than the term of the guarantee.

<sup>3</sup> See question 13 for further information.

<sup>4</sup> See question 19 for further information.

<sup>5</sup> See question 20 for further clarifications.

## Clarifications on Category A (Students & Learners)

### 14. What expenses are considered related to an Eligible Educational Programme?

Expenses related to an “eligible educational programme” include: tuition fees, living expenses, accommodation fees, transport expenses, text books and other.

Expenses shall be evidenced by means of a proof of acceptance in an Eligible Educational Programme. As outlined in [Annex II of the Call for Expression of Interest](#), this 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.

### 15. I am a student/learner wanting to request financing under the S&E Pilot. What is the maximum loan / fee deferral amount I could get?

The maximum amount for each Final Recipient under Category A (i.e. student/learner) is EUR 30,000, or the equivalent amount in a currency other than Euro set out in the Guarantee Agreement with the Financial Intermediary granting the financing.

### 16. I am a student/learner and I receive financial support from national/regional existing supporting schemes. Can I still benefit from the S&E Pilot?

Final Recipients in Category A may ask for financing for the amount needed in excess of the amount already received from existing support scheme(s). The Final Recipient will need to provide a declaration indicating any financial support received and the total additional amount of financing needed, which shall be kept on record by the Financial Intermediary.

### 17. I am a student/learner and I want to follow an Eligible Education Programme in the form of e-learning provided by an institution located outside the EU. Can I benefit from the S&E Pilot?

Yes, an Eligible Education Programme in the form of e-learning shall be eligible irrespective of the location of the e-learning provider, as long as the Final Recipient is located in a Member State of the EU.

### 18. I am a student/learner and I would need financing to sustain a mobility programme (i.e. a programme in a different country). Is this expense eligible under the Skills and Education Guarantee Pilot?

Yes, if the mobility programme is taking place within a Member State of the EU and it can fall within the definition of an Eligible Education Programme, the expenses to be sustained are eligible under the S&E Pilot.



### *Clarifications on Category B (Enterprises investing in workforce skills)*

#### **19. What is the maximum amount that can be provided to Enterprises (i.e. SMEs, Small Mid-caps or Small Public Enterprises) investing in skills and skills utilisation of their workforce?**

The principal amount of each Final Recipient Transaction to the benefit of Category B Final Beneficiaries can be up to the lower of:

- i. EUR 2,000,000 or, where the Final Recipient Transaction is denominated in a currency other than Euro, the equivalent amount set out in the Guarantee Agreement;
- ii. twice the amount of the direct planned costs related to the Eligible Investment in Skills, as shall be evidenced in the relevant documentation (e.g. training plan, training budget, offer by a training provider, etc.). In this amount, direct planned costs include fees, travel & subsistence costs, labour costs (salaries paid to apprentices and trainees, as may be required by national legislation) of internal trainers & staff, costs of training materials and costs of training premises.

#### **20. What are Eligible Investments in Skills?**

Category B Final Recipients can ask financial support to invest in the upskilling and reskilling of their workforce, thereby contributing to the increase of an enterprise's competitiveness and productivity.

As outlined in [Annex II of the Call for Expression of Interest](#), Investments in Skills entail: apprenticeships; programmes leading to nationally recognised qualifications, traineeships, student entrepreneurship, digital skills, trainings / other skills acquisition.

### *Clarifications on Category C (Providers of education & training services)*

#### **21. What are the requirements for organisations supplying education and training to be eligible as Final Recipients?**

With respect to Category C, an eligible organisation can be any organisation that: (i) carries out a business activity falling under any of the activities provided under NACE Code P, with at least 20% of its sales/turnover deriving from such activity(ies), or (ii) develops a project that could fall under the NACE code P, irrespective of the sectorial categorisation of its overall business activity.

NACE code P covers activities related to pre-primary education, primary education, secondary education, higher education, other education and educational support activities.<sup>6</sup>

---

<sup>6</sup> For more information please visit the [NACE code website](#).