

Annex IV (f)

Skills and Education Portfolio Guarantee Product

- Specific provisions -

(updated on 12 December 2023)

Background	The Skills and Education Portfolio Guarantee Product builds on the EFSI Skills and Education Guarantee Pilot, launched in 2020, dedicated to stimulating investment in education, training and skills.
EU Policy Objective	Skills, education and training are part of the solution to get more people into the labour market and respond better to the economy's needs for skills. Insufficient financial resources are a major barrier to accessing education and training and leads to unequal opportunities for education. For young people, access to education in many EU countries relies too heavily on parental social background and financial standing. For SMEs, investment in the up-skilling or re-skilling of their employees is often constrained due to barriers preventing access to the finance required. Moreover, a massive investment in digital and “green” skills is needed to accommodate the shift towards a climate neutral Europe and digital transformation. Many will need to acquire new skills and move to new jobs in a different sector of economy. More will need to upskill to keep their job in a new work environment. For example, meeting the overarching adult learning participation target set in the Skills Agenda (at least 50% by 2025) would come at an estimated additional investment of EUR 48 billion annually. For this skills transformation to materialise, higher education providers and providers of services ancillary to education require an influx of financing to enhance and develop their offering.
Type of (Counter-) Guarantee	The Skills and Education Portfolio Guarantee Product shall be offered by EIF only in the form of a Capped (Counter-) Guarantee.
Type of Financial Intermediary	For avoidance of doubt, eligible Financial Intermediary types shall also include education providers (including universities and other types of education providers offering deferrals of payments and / or income share agreements) and specialised lenders in skills and education finance, including but not limited to income share agreement providers.
Applicable (Counter-) Guarantee Rate	The (Counter-) Guarantee Rate shall be: i. up to 80% with respect to each Guarantee Transaction entered into or covering, as applicable, students and learners under Skills, Education and Training (Category A Final Recipients), and ii. up to 70% with respect to each Guarantee Transaction, entered into or covering, as applicable, other Final Recipients under Skills, Education and Training.

Applicable (Counter-) Guarantee Cap Rate	The (Counter-) Guarantee Cap Rate shall be set up to the level of expected loss and shall not exceed 25%.
Defaulted Amounts	In the context of Category A, the (Counter-) Guarantee shall cover also Permitted Additional Interest.
Target Final Recipients	Final Recipients who are: SMEs, Small Mid-Caps, Small Public Enterprises or natural persons which/who meet the Product Eligibility Criteria applicable to the relevant Final Recipient categories.
Eligible Educational Programme	Means the following education programmes: Educational Programmes falling under the International Standard Classification of Education (ISCED)^{1,2} classifications 3-8 (including e-learning): - Upper secondary education, including vocational education and training (VET) programmes (ISCED 3); - Post-secondary non-tertiary education, including vocational education and training (VET) programmes (ISCED 4); - Short-cycle tertiary education, including vocational education and training (VET) programmes (ISCED 5); - Bachelor's or equivalent level – 1st cycle (ISCED 6); - Master's or equivalent level – 2nd cycle (ISCED 7); - Doctoral or equivalent level – 3rd cycle (ISCED 8); Programmes leading to a qualification (other than an educational programme falling under the classifications 3-8 of the ISCED) included in national/regional qualification frameworks (NQFs) of Member States or OCTs; Digital and green skills programmes which include, inter alia, those programmes (in any form) provided by a training centre or association (including chambers of commerce, professional associations, etc.) or consultancy or equivalent); and Trainings in labour market-relevant skills (meaning trainings providing professional skills and preparing for entry into shortage occupations / occupations in high demand as designated by competent national or European authorities (e.g. EURES³, national public employment services, national migration services)).⁴ Such trainings include, inter alia, labour market

¹ [International Standard Classification of Education \(ISCED\)](#)

² The Structure of the European Education Systems 2020/21: Schematic Diagrams | Eurydice (europa.eu) – the report provides an overview of potentially eligible educational programmes by relevant Member State of the EU – Financial Intermediaries should refer to the relevant Country(-ies) list(s).

³ <https://ec.europa.eu/eures/public/en/homepage>

⁴ For example, at European level, the list of such occupations has been compiled by the European Commission in the fields listed in the Column titled “Shortage” in Table 1E on Page 6 of the document “A comparison of shortage and surplus occupations based on

	relevant skills programmes (in any form) provided by a training centre or association (including chambers of commerce, professional associations, etc.) or consultancy or equivalent. Additionally, validation and certification of prior learning i.e. a qualification obtained based upon an assessment of skills gained in other contexts such as on-the-job learning or volunteering are also eligible.
Eligible Investment in Skills	Means: 1. Apprenticeships, which are learning programmes that systematically combine work-based learning in companies with learning based in education or training institutions. They must lead to a recognised qualification and be arranged in a form of a contract or formal agreement for a prescribed period of time between the employer and the apprentice and/or an institution representing the apprentice, defining the characteristics of the apprenticeship; 2. Programmes leading to nationally recognised qualifications, including any programme leading to a qualification, including current or future employees (including those under Eligible Educational Programmes) as well as those included in national/regional qualification frameworks (NFQs) of Member States or OCTs; 3. Traineeships, which are short-term job contracts entered into between an enterprise and a student or recently graduated individual in which there is an explicit component of training on the job; 4. Student entrepreneurship, which are education programmes (in any form including inter alia training, traineeships, etc) which include the acquisition of entrepreneurial skills by a focus on business creation, including – inter alia – the setting-up or design or simulation of an enterprise or project, provided by a training centre or association or equivalent; 5. Digital skills meaning any skills that involve the confident, critical and responsible use of, and engagement with, digital technologies for learning, at work, and for participation in society. It includes information and data literacy, communication and collaboration, media literacy, digital content creation (including programming), safety (including digital well-being and competences related to cybersecurity), intellectual property related questions, problem solving and critical thinking⁵. Digital skills programmes include, inter alia, those digital skills programmes (in any form) provided by a training centre or

analyses of data from the European Public Employment Services and Labour Force Surveys”: <https://op.europa.eu/en/publication-detail/-/publication/28a5c10c-48fc-11e8-be1d-01aa75ed71a1/language-en>

⁵ Council Recommendation on Key Competences for Lifelong Learning, 2018 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2018.189.01.0001.01.ENG&toc=OJ:C:2018:189:TOC)

	association or consultancy or equivalent (including chambers of commerce, professional associations, etc); and 6. Green skills meaning any skills related to the knowledge, abilities, values and attitudes needed to live in, develop and support a sustainable and resource-efficient society⁶. Green skills programmes include, inter alia, those green skills programmes (in any form) provided by a training centre or association or consultancy or equivalent (including chambers of commerce, professional associations, etc.).
Product Eligibility criteria	The Financial (Sub-) Intermediary shall ensure that the Final Recipients must comply with at least one of the following criteria: 1. Category A: Individuals (students and learners) undertaking an Eligible Educational Programme or part of it in a Member State or OCT including in the form of e-learning or via skills and training platforms and schemes such as Individual Learning Accounts (ILAs); 2. Category B: SMEs, Small Mid-Caps or Small Public Enterprises, established and operating in a Member State or OCT, intending to finance the up-skilling or re-skilling of their current or future employees via an Eligible Investment in Skills including via investments in training platforms such as Individual Learning Accounts (ILAs); 3. Category C: SMEs, Small Mid-Caps, Small Public Enterprises, including organisations and institutions (or associations thereof), established and operating in a Member State or OCT, with a substantial focus⁷ of their economic activity in the field of education/skills (NACE code in group P - Education) or that shall use the financing for developing an education/skills project that falls under one of the NACE code of group P; 4. Category D: SMEs, Small Mid-Caps, Small Public Enterprises, (including funds and platforms), established and operating in a Member State or OCT, providing, enabling or co-ordination services ancillary to skills and education. Such ancillary services shall include student housing, student financing solutions, education enhancement services (e.g. guidance, skills testing, skills validation, etc.), certification, validation, recognition and accreditation services and digital tools such as skills and training platforms and schemes (e.g. Individual Learning Accounts (ILAs), etc.)

⁶ Cedefop (2012), *Green Skills and Environmental Awareness in Vocational Education and Training*, European Commission, Luxembourg (https://www.cedefop.europa.eu/files/5524_en.pdf)

⁷ This assessment is based, for example, on the proportionate importance of the skills and education activity / project in relation to the revenues, the turnover or the client base of the Final Recipient; and Financial (Sub-) Intermediaries may check compliance with this eligibility criterion through a representation made by each Final Recipient.

	The Final Recipient Transaction or the purpose of the Final Recipient Transaction must: 1. Support individuals, students and learners, in order to enhance their education attainment and skills level by unlocking access to finance to cover education and skills gap in Europe resulting from – inter alia - societal and technological transformation of the European economy; it will also support students and learners pursuing educational programmes (including online) in a different Member State or OCT than the one of residency of the individual (mobility), as well as through skills and training platforms and schemes; or 2. Support the provision of employee training, apprenticeships and the skills transformation efforts pursued by the European enterprises by providing risk finance for improving the skills and skills utilisation of their workforce's skill set, thereby contributing to the increase of an enterprise's competitiveness and productivity while achieving job preservation of the employed; or 3. Enhance access to finance to both existing as well as new European organisations active in the field of skills, training and education or developing projects in education field with the objective of stimulating their development, growth and internationalisation as well as significantly improving the ecosystem and the supply of education, training and skills-related services; or 4. Support the development and/or deployment of services ancillary to skills, training and education including support services of enabling / co-ordinating entities, e.g. platforms and other digital tools, including those targeting individual learning accounts (ILAs), recognition and accreditation services, student housing, student financing solutions. For the purpose of satisfying 1 to 4 above, the Final Recipient Transaction must comply with the following criteria: 1. For category A: a) The Final Recipient Transaction provides funding for coverage of cost for tuition fees, living expenses, accommodation fees, transport expenses, textbooks and other related expenses to an Eligible Educational Programme, which shall be evidenced by means of a proof of acceptance and/or enrolment in an Eligible Educational Programme. 2. For Category B: The Final Recipient Transaction provides funding for investment in tangible and intangible assets and working capital in Eligible Investment in Skills, which shall be evidenced by means of a presentation of a training plan or training budget or any equivalent
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	document describing the activities undertaken and its estimated cost; 3. For Category C and D: a) The Final Recipient Transaction provides funding for investment in tangible and intangible assets, as well as working capital.
Enhanced Access to Finance Measures	For the purpose of Enhanced Access to Finance, compliance with the requirements under Enhanced Access to Finance Measures Implementation described in Annex II or III of this Call, as the case may be satisfied through any of the following: a) in the context of Category A: Reduction/limitation of collateral requirements: If collateral is requested for the Final Recipient Transaction, it shall be limited, on a continuing basis, to the personal guarantee of the student⁸. except in the case where the Financial Intermediary's existing credit and collection policies or activities already explicitly require such collateral limitation before the support provided by InvestEU. In such case, the Financial Intermediary shall propose and implement other Enhanced Access to Finance criteria as described below. Compliance with the requirements under Enhanced Access to Finance Measures Implementation described in Annex II or III of this Call, as the case may be, may be satisfied through any of the following: i. <u>Reduction of cost of financing</u>: a reduction of the customary risk spread or risk premium charged by the Financial (Sub-) Intermediary (directly or indirectly), as applicable, under the Guarantee Transaction, as the case may be, at least in proportion to the level of the (Counter-) Guarantee Cap Rate for the part covered by the (Counter-) Guarantee.; or ii. <u>increase in financing volumes</u>: as result of the guarantee support, the Financial Intermediary will substantially increase the volume of financing offered to the Target Final Recipients by reference to its standard lending practice in the absence of guarantee support; or iii. <u>Support to excluded segments</u>: the launch of a new product aimed at Target Final Recipients, to the extent that such Target Final Recipients would not be considered for financing (or to the same extent) under its standard lending practice, in the absence of the guarantee support; or iv. <u>Financing at longer maturities</u>: the Financial Intermediary will deviate from its standard lending practice and offer

⁸ In the case of Counter-Guarantees, the above requirement shall apply to both Intermediary Transactions and Final Recipient Transactions. In case the Financial Intermediary and the Financial Sub-Intermediary benefit from the same collateral, the above requirement shall be complied with at the level of the Final Recipient Transaction.

	longer maturities than those that would otherwise be typically offered in the absence of the guarantee support; or v. <u>Bespoke financing arrangements</u>: providing bespoke repayment terms to Final Recipients Transactions, to the extent that such option would not typically be made available (or to the same extent or conditions) under its standard lending practice in the absence of the guarantee support; In addition, in the context of application pre-selection and selection of the Financial Intermediary, EIF shall also consider: (i) the overall cost of financing (including any proposed reduction) to be charged to individuals and assessed in terms of affordability of the debt-service for the Final Recipients and amongst other things in the context of other comparable alternatives available in the market, and (ii) any proposed improvement in repayment terms (e.g. grace period, deferred or income contingent repayment profile). b) in the context of Category B, C and D: i. <u>Reduction of cost of financing</u>: a reduction of the customary risk spread or risk premium charged by the Financial (Sub-) Intermediary (directly or indirectly), as applicable, under the Guarantee Transaction, as the case may be, at least in proportion to the level of the (Counter-) Guarantee Cap Rate for the part covered by the (Counter-) Guarantee.; or ii. <u>Reduction of collateral requirements</u>: as result of the guarantee support, the Financial Intermediary will, with respect to the relevant Final Recipient Transaction, (i) deviate from its standard lending practice and collateral requirements and not request any security (provided that personal guarantee or similar instruments (soft collateral) shall be permitted) or (ii) provide a substantial reduction of collateral requirements which results in improved access to finance to the eligible Final Recipients; or iii. <u>reduction in down-payment in respect of Final Recipient Transactions, which are in the form of leases</u>: as result of the guarantee support, the Financial Intermediary will deviate from its standard lending practice and offer reduced down-payment requirements than those that would otherwise be typically offered; or iv. <u>increase in financing volumes</u>: as result of the guarantee support, the Financial Intermediary will substantially increase the volume of financing offered to the Target Final Recipients by reference to its standard lending practice in the absence of guarantee support; or
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	v. <u>Support to excluded segments</u>: the launch of a new product aimed at Target Final Recipients, to the extent that such Target Final Recipients would not be considered for financing (or to the same extent) under its standard lending practice, in the absence of the guarantee support; or vi. <u>Financing at longer maturities</u>: the Financial Intermediary will deviate from its standard lending practice and offer longer maturities than those that would otherwise be typically offered in the absence of the guarantee support; or vii. <u>Bespoke financing arrangements</u>: providing bespoke repayment terms to Final Recipients Transactions, to the extent that such option would not typically be made available (or to the same extent) under its standard lending practice in the absence of the guarantee support; or viii. <u>Any Subordinated Debt Transactions</u>, given that it supports the solvency of the Final Recipient. For the avoidance of doubt, the above list is not exhaustive and the Financial Intermediary can propose further additional Enhanced Access to Finance Measures.
Minimum Principal Amount of a Final Recipient Transaction	No minimum principal amount is applicable
Maximum Principal Amount of a Final Recipient Transaction	Means: 1. For Category A – EUR 30,000*. In duly justified circumstances, such amount may be increased up to EUR 50,000*, e.g. in the case of MBAs, LLMs and PhD level programmes where EUR 30,000* would not enable the students to enrol in these programmes; 2. For Categories B, C and D EUR 2,000,000*; <i>*) or EUR equivalent</i>
Minimum Maturity of a Final Recipient Transaction	The scheduled minimum maturity of the Final Recipient Transactions shall be of 12 months.
Maximum Maturity of a Final Recipient Transaction	No maximum scheduled maturity of the Final Recipient Transactions is required, provided that the coverage of the Final Recipient Transactions shall not extend beyond Individual (Counter-) Guarantee Termination Date. The EIF may set a maximum scheduled maturity for the Guarantee Final Recipient Transactions in the relevant Individual (Counter-) Guarantee Agreement.

Obligor Limit	The aggregate principal amounts outstanding under all Final Recipient Transactions entered into by a Financial (Sub-) Intermediary with the same Final Recipient shall not exceed EUR 7.5 million (or EUR equivalent). Final Recipients which are Small Mid-Caps shall provide, prior to the signature of the Final Recipient Transaction, a self-declaration stating, to the best of their knowledge, whether or not they benefit, at the date of such self-declaration, from an InvestEU Fund supported debt financing instrument (provided by any financial institution) as well as the outstanding principal amount of such instrument, if any. The Financial (Sub-) Intermediary shall exclusively rely on such declaration provided by such Final Recipients which are Small Mid-Caps and shall take into account such outstanding principal amount of the debt financing instrument supported by the InvestEU Fund when determining the Obligor Limit as if such debt financing instrument were a Final Recipient Transaction granted by the Financial (Sub-) Intermediary to such Final Recipients.
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Sub-Annex 1: NACE codes Section P-Education

Section P-Education			
Division	Group	Class	
85			Education
	85.1		Pre-primary education
		85.10	Pre-primary education
	85.2		Primary education
		85.20	Primary education
	85.3		Secondary education
		85.31	General secondary education
		85.32	Technical and vocational secondary education
	85.4		Higher education
		85.41	Post-secondary non-tertiary education
		85.42	Tertiary education
	85.5		Other education
		85.51	Sports and recreation education
		85.52	Cultural education
		85.53	Driving school activities
		85.59	Other education n.e.c.
	85.6		Educational support activities
		85.60	Educational support activities