



Capped Direct<sup>1</sup> Guarantee under the  
Skills & Education Guarantee Pilot  
Indicative Term Sheet

***Important Disclaimer***

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are non-exhaustive and subject to change.

The financial intermediaries are requested to take note that any application for a (Counter-) guarantee under the S&E Guarantee Pilot will be treated after finalisation of the EIF governance approval process. Should any terms of this Call change, the relevant update will be published on EIF website and EIF will inform the applicants accordingly.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of the European Investment Fund (“EIF” or the “**Relevant Entity**”) and/or any other person to enter into one or more transaction(s). Any finance commitment by the Relevant Entity can only be made, *inter alia*, after appropriate approval, conclusion of legal due diligence and finalisation of the required legal documentation. The Relevant Entity does not act as adviser to you or owe you any fiduciary duty. The Relevant Entity does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

**Overview of the Capped Direct Guarantee**

The credit risk protection shall be provided through a Guarantee which shall be issued by EIF (the “**Guarantor**”) acting on behalf of the European Commission for the benefit of a selected financial intermediary (the “**Financial Intermediary**”) complying with the criteria set out herein.

It shall partly cover the credit risk associated with eligible Debt Financing granted to eligible final recipients (“**Final Recipient Transactions**”) included in the Individual Portfolio.

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<sup>1</sup> The terms outlined in this term sheet will apply mutatis mutandis to counter-guarantees. Due to the specifics of counter-guarantees, some additional requirements or adaptations of the terms of this direct guarantee term sheet (including in relation to the eligibility criteria and requirements applicable at the level of the Financial Sub-Intermediaries) will be added to the counter-guarantee agreement.

For the purpose of alignment of interest, the Financial Intermediary will have to retain at any time a minimum 20% exposure to the outstanding aggregate principal amount of every Final Recipient Transaction included in the Individual Portfolio.

The guarantee is subject to a cap amount (the **“Guarantee Cap Amount”**).

The guarantee shall constitute a financial guarantee and shall cover losses (as described below) incurred by the Financial Intermediary in respect of the guaranteed part of each defaulted eligible Final Recipient Transaction up to the Cap Amount (the **“Guarantee”**).

The capped Guarantee will be provided by EIF free of charge to the Financial Intermediary.








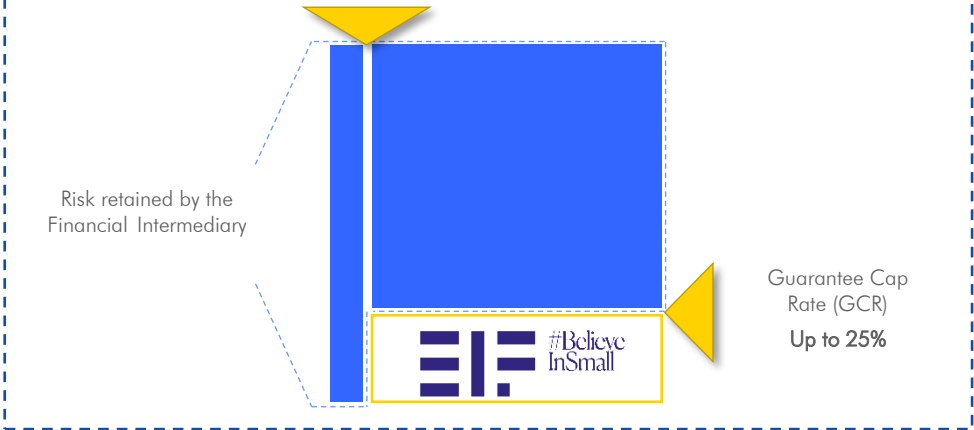
The origination, due diligence, documentation and servicing of the Final Recipient Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures. In this context, the Financial Intermediary shall retain the direct client credit relationship for each Final Recipient Transaction (according to pre-defined eligibility criteria on a transaction-by-transaction and portfolio basis), which will be automatically covered, by way of submitting inclusion notices to the EIF on a quarterly basis until the end of the relevant Inclusion Period (as defined below).

#### **Complementarity with other financial instruments**

- *Financial Instruments providing liquidity:* The guarantees provided under the S&E Pilot will provide partial credit risk protection for a portfolio of Final Recipient Transactions. If Financial Intermediaries deem it necessary and if available to them, e.g. through national or regional programmes or through other institutions, they may combine the credit risk protection provided under the S&E Pilot with pure liquidity financial instruments supported through other sources (e.g. supplementary EIB global loans which would bring the potential to gain access to cheaper funding and pass on a lower interest rate to Final Recipients through a reduction of the funding margin). The complementarity of the S&E Pilot to such other Support schemes will be assessed by EIF based on information provided by the Applicant.

Indicative terms of the Direct Guarantee

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| <p><b>EU Policy Objective</b></p>                  | <p>The S&amp;E Pilot aims at:</p> <ol style="list-style-type: none"> <li>1. Category A of Final Recipients: supporting individuals in education attainment and skills upgrade by unlocking access to finance to cover educational / skills gap in Europe resulting from – inter alia - societal and technological transformation of the European economy; S&amp;E Pilot will also support students and learners pursuing educational programmes in a different Member State other than the one of residency of the individual (mobility);</li> <li>2. Category B of Final Recipients: facilitating 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;</li> <li>3. Category C of Final Recipients: enhancing access to finance to European organisations active in the field of skills, training and education or developing projects in education field with the objective of significantly improving the ecosystem of the supply of education, training and skills-related services.</li> </ol> |
| <p><b>Structure of the Portfolio Guarantee</b></p> | <p>First Loss Portfolio Guarantee providing partial credit risk coverage on a transaction-by-transaction basis for the creation of a portfolio of eligible Final Recipient Transactions. The Guarantee, provided by EIF but financed by the European Union under the European Fund for Strategic Investments, shall cover Losses incurred by the Financial Intermediary at the Guarantee Rate subject to the Guarantee Cap Rate. Losses are covered up to the Cap Amount stipulated in the guarantee agreement (the “<b>Guarantee Agreement</b>”) between EIF and the relevant Financial Intermediary. No penalty applies to the Financial Intermediary if the Losses exceed the Cap Amount. The maximum term of the Guarantee will be 15 years for Final Recipient Transactions under Category A and 10 years for Final Recipient Transactions under Categories B and C.</p> <p>For the avoidance of doubt, Final Recipient Transactions might have longer maturities than the ones specified above.</p> <p>An indicative outline of all the actors concerned by the guarantee mechanism is set-out below:</p>  |

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|                                   | <div data-bbox="438 246 1428 757"> <div> <div>THE EU</div> <div>  <div>#Believe<br/>InSmall</div> </div> </div> <div>  </div> <div> <div>THE FINANCIAL (SUB-) INTERMEDIARIES</div> <div>  <div>  </div> </div> </div> <div> <div>THE FINAL BENEFICIARIES</div> <div> <div> Category A:<br/>Students and Learners  </div> <div> Category B:<br/>Enterprises investing in Skills  </div> <div> Category C:<br/>Suppliers of education, training, skills &amp; related services  </div> </div> </div> </div> <p>An indicative chart of the guarantee mechanism is set-out below:</p> <div data-bbox="418 862 1396 1391"> <p align="center">Guarantee Rate (GR) of 80%<br/>on individual transaction basis</p>  <p>Risk retained by the Financial Intermediary</p> <p align="right">Guarantee Cap Rate (GCR)<br/>Up to 25%</p> </div> |
| <b>Participating Countries</b>    | As at the date of this Call for Expression of Interest, as amended from time to time, the countries covered by the S&E Pilot comprise the EU Member States in line with the EFSI country coverage.   |
| <b>Governing Law and Language</b> | The terms of the Guarantee Agreement shall be in the English language and the Guarantee Agreement shall be governed by the laws of Luxembourg.   |
| <b>Guarantee Currency</b>         | The Guarantee shall be expressed in the Base Currency. All amounts and payments made under the Guarantee Agreement by and to the EIF shall be in the Base Currency. If a Final Recipient Transaction is denominated in a currency other than the Base Currency, or a Loss has been incurred in a currency other than the Base Currency, or a Recovery is in a currency other than the Base Currency, the guarantee agreement will specify the applicable FX mechanism.   |
| <b>Base Currency</b>              | The Final Recipient Transactions can be denominated in EUR or certain other currencies. If the Portfolio consists mainly of Final Recipient Transactions denominated in currencies other than EUR, one of such non-EUR currency may be designated as the Base Currency.  |
| <b>Individual Portfolio</b>       | The portfolio of Final Recipient Transactions originated by a Financial Intermediary and covered by the Guarantee.   |

**Annex II to the Open Call for Expression of Interest to select Financial Intermediaries under the Skills & Education Guarantee Pilot**

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| <b>Availability Period</b>      | A period until the end of which the relevant Financial Intermediary may approve Final Recipient Transactions.   |
| <b>Inclusion Period</b>         | <p>A period starting on the same date as the Availability Period and ending on the day falling 6 months after the end of the Availability Period. During this period, Final Recipient Transactions may be included in the Individual Portfolio, provided that such transactions were approved no earlier than 1 July 2020 and before the end of the Availability Period and have been at least partially disbursed before the end of the Inclusion Period.</p> <p>The inclusion of Final Recipient Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Financial Intermediary on a quarterly basis. For the avoidance of doubt, the Final Recipient Transaction so included shall be covered by the Guarantee from the date on which such Final Recipient Transactions have been entered into.</p> <p>Final Recipient Transactions approved and entered into prior to the signature of the Guarantee Agreement may be included in the Portfolio provided that : (i) they were approved no earlier than 1 July 2020; (ii) they were entered into during the Inclusion Period; and (iii) they have been entered into with a view to being included in the Portfolio.</p> |
| <b>Maximum Portfolio Volume</b> | The maximum aggregate amount of principal of Final Recipient Transactions to be included in the Individual Portfolio, as agreed in the Guarantee Agreement. The Maximum Guaranteed Portfolio Volume shall be denominated in the Base Currency.  |
| <b>Actual Portfolio Volume</b>  | Expressed in the Base Currency, the aggregate amount of principal (excluding capitalised interest) committed to be made available under newly originated Final Recipient Transactions included in the Individual Portfolio from time to time.   |
| <b>Guarantee cover / Losses</b> | <p>The Guarantee shall cover Losses, at the Guarantee Rate, subject to the Guarantee Cap Rate (i.e. up to the Cap Amount), incurred by the Financial Intermediary. Losses mean:</p> <p>any principal and interest amounts accrued (excluding (i) late payment or default interests, capitalised interests (other than for Permitted Capitalized Interests), bank fees and any other costs and expenses and (ii) any interest amounts which accrued after a period of 90 calendar days from the last payment due), due to the Financial Intermediary, payable and outstanding), to the Financial Intermediary under the terms of the covered Final Recipient Transaction following the occurrence of specific credit events.</p> <p>The above will be adapted, as necessary, to address the specificities of the products covered under the Guarantee Agreement with the relevant Financial Intermediary.</p>  |
| <b>Guarantee Cap Rate</b>       | The percentage of the portion of the Actual Portfolio Volume covered by the Guarantee. It shall be up to 25%.   |
| <b>Guarantee Rate</b>           | The Guarantee Rate shall be up to 80% of each Final Recipient Transaction covered by the Guarantee and will be typically set at its maximum.  |
| <b>Cap Amount</b>               | An amount, expressed in the Base Currency, set in the Guarantee Agreement, at which the obligation to pay under the Guarantee is capped, which is the maximum liability under the Guarantee and is calculated at Financial Intermediary level as the product of the (i) Actual Portfolio Volume, (ii) the Guarantee Rate, and (iii) the Guarantee Cap Rate.   |
| <b>Events of Default</b>        | The Guarantee Agreement contains certain standard events of default related to  |

**Annex II to the Open Call for Expression of Interest to select Financial Intermediaries under the Skills & Education Guarantee Pilot**

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| <b>under the Guarantee</b>             | the Financial Intermediary, including non-payment, breach of obligation, insolvency, Sanctions, unlawfulness and misrepresentation.<br>The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any), may result in the early termination of the Guarantee Agreement (such event, an <b>"Early Termination"</b> ).   |
| <b>Guarantee Termination Date</b>      | The Guarantee shall terminate on the earlier of: (i) seventeenth anniversary for Category A or twelfth for Categories B and C of the end of the Inclusion Period; (ii) the date on which an Early Termination (if any) has occurred, (iii) the date (if any) on which the EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee and (iv) 31 December 2039 for Category A or 31 December 2034 for Categories B and C.   |
| <b>Permitted Capitalized Interests</b> | <p>Means, in respect of a Final Recipient Transaction that:</p> <p>(1) during a grace period and/or the duration of an Eligible Educational Programme; and/or</p> <p>(2) for a maximum period of 12 months, in the context of such Final Recipient Transaction being restructured such as:</p> <ul style="list-style-type: none"> <li>(i) the amount of principal scheduled to be paid and/or any interest amount due by the relevant Final Recipient is reduced in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction, or</li> <li>(ii) the maturity of the transaction is rescheduled, including inter alia by the introduction of a grace period, in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction</li> </ul> <p>The interest which is not paid during such periods may be capitalised as part of the outstanding principal or interest amount of the Final Recipient Transaction for a maximum period of twelve months.</p> <p>For the avoidance of doubt, <b>Permitted Capitalized Interests</b> will not be taken into account either in determining whether the maximum principal amount of the Final Recipient Transaction complies with the Final Recipient Transaction Eligibility Criteria or in determining the Actual Portfolio Volume.</p> |
| <b>Sanctioned Person</b>               | Means any person who is a designated target of Sanctions or is otherwise a subject of Sanctions.  |
| <b>Sanctions</b>                       | Means any restrictive measures adopted pursuant to Article 215 of the Treaty on the Functioning of the European Union.  |
| <b>Termination of the Guarantee</b>    | Upon termination of the Guarantee Agreement, EIF will initiate negotiations with the Financial Intermediary to agree on the settlement of any outstanding rights and liabilities based, inter alia, on an estimation of future Loss Recoveries (including, for the avoidance of doubt, any Recoveries arising under the right of clawback) and outstanding liabilities in relation to Losses in light of the respective Cap Amount.   |

**Annex II to the Open Call for Expression of Interest to select Financial Intermediaries under the Skills & Education Guarantee Pilot**

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**Guarantee Fee**

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| <b>Guarantee Fee</b> | The Guarantee is free of charge. |
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**Eligibility Criteria**

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| <b>Final Recipient</b>                | <p>Final Recipient is an individual or entity receiving support under a Final Recipient Transaction, falling under the following 3 categories:</p> <ul style="list-style-type: none"> <li>• Category A: Students and/or Learners;</li> <li>• Category B: Enterprises investing in skills and skills utilisation of their workforce; and</li> <li>• Category C: Organisations supplying education, training, skills and related services (including kindergartens, nursery schools, early childhood services, etc.).</li> </ul> |  |         |
| <b>Eligible Educational Programme</b> | Means an education programme falling under the International Standard Classification of Education (ISCED), classifications 3-8, including e-learning programmes.   |  |         |
|                                       | <b>Educational Programmes under the ISCED<sup>2,3</sup></b>  |  |         |
|                                       | 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   |  | ISCED 5 |

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<sup>2</sup> [International Standard Classification of Education \(ISCED\)](#).

<sup>3</sup> [The Structure of the European Education Systems 2018/19](#) – 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).

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|  | training (VET) programmes   |   |         |  |
|  | Bachelor's or equivalent degree                                   | 1 <sup>st</sup> cycle <sup>4</sup>  | ISCED 6 |  |
|  | Master's or equivalent degree                                     | 2 <sup>nd</sup> cycle <sup>2,3</sup>  | ISCED 7 |  |
|  | Doctoral or equivalent degree                                     | 3 <sup>rd</sup> cycle <sup>2,3</sup>  | ISCED 8 |  |
|  | Plus the following three additional categories:                   |   |         |  |
|  | <b>Programmes leading to nationally recognised qualifications</b> | Any programme 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 participating countries.   |         |  |
|  | <b>Digital Skills</b>   | Digital Skills meaning any skills related to digital literacy, (e.g. the ability to find, evaluate, utilise, share, create content and execute activities using information technologies); digital skills programmes include, <i>inter alia</i> , those digital skills programmes (in any form) provided by a training center or association or consultancy or equivalent (including chambers of commerce, professional associations, etc). |         |  |
|  | <b>Trainings in labour market relevant skills</b>                 | Trainings in labour market relevant skills means 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. EURES <sup>5</sup> , national public employment services, national migration services). For example, at European level, the list of such occupations has been compiled by the European            |         |  |

<sup>4</sup> As per the Framework for Qualifications of the European Higher Education Area dated May 2015.

<sup>5</sup> <https://ec.europa.eu/eures/public/en/homepage>



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|                               |  | <p>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 analyses of data from the European Public Employment Services and Labour Force Surveys".<sup>6</sup></p> <p>Such trainings include, inter alia, labour market relevant skills programmes (in any form) provided by a training centre or association (including chambers of commerce, professional associations, etc) or consultancy or equivalent.</p> |  |
| Eligible Investment in Skills | (A) Apprenticeships  | Apprenticeships are learning programmes that systematically combine work-based learning in companies with learning based in education or training institutions. They must lead to a nationally 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.   |  |
|                               | (B) Programmes leading to nationally recognised qualifications | Any programme 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 Participating Countries.  |  |
|                               | (C) Traineeships   | Traineeships means a short-term job contract entered into between an enterprise and a student or recently graduated individual in which there is an explicit component of training on the job.   |  |
|                               | (D) Student Entrepreneurship                                   | Student Entrepreneurship means the 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 center or association or equivalent.  |  |

<sup>6</sup> <https://publications.europa.eu/en/publication-detail/-/publication/28a5c10c-48fc-11e8-be1d-01aa75ed71a1/language-en>

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|  | <b>(E) Digital Skills</b>  | Digital Skills meaning any skills related to digital literacy, (e.g. the ability to find, evaluate, utilise, share, create content and execute activities using information technologies); digital skills programmes include, <i>inter alia</i> , those digital skills programmes (in any form) provided by a training centre or association or consultancy or equivalent (including chambers of commerce, professional associations, etc). |
|  | <b>(F) Trainings/other Skills acquisition</b>  | In house or external trainings for the workforce of the Final Recipient.  |
| <b>Debt Financing</b>  | Means any type of debt financing, including income sharing loans, income contingent loans, deferred payment schemes, subordinated loans, participating loans, convertible loans, finance leases and bank guarantees.   |   |
| <b>Final Recipient Eligibility Criteria and the Final Recipient Transaction Eligibility Criteria</b> | <p>The Eligibility Criteria shall comprise Final Recipient Eligibility Criteria and the Final Recipient Transaction Eligibility Criteria.</p> <p>Financial Intermediaries shall ensure that Final Recipient Transactions to be included in the Individual Portfolio under the Guarantee Agreement shall comply with the eligibility criteria set out below and any additional eligibility criteria set out in the specific terms of the relevant Guarantee Agreement (collectively, the “Eligibility Criteria”).</p> <p>A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Final Recipient Transaction(s) from the Individual Portfolio save as specified in the “Exclusion Process”.</p> <p><b>1. Final Recipient Eligibility Criteria</b></p> <p>The Final Recipients under Final Recipient Transactions shall belong to one of the categories below:</p> <p><b>Category A</b></p> <p>Final Recipients shall comply with each of the following eligibility criteria:</p> <ol style="list-style-type: none"> <li>The Final Recipient is a natural person;</li> <li>The Final Recipient undertakes an Eligible Educational Programme or part of it in a Member State<sup>7</sup>, which shall be evidenced by means of a proof acceptance or enrolment in an Eligible Educational Programme;</li> <li>The Final Recipient provides a declaration indicating any financial support received from other existing support schemes,</li> </ol> |   |

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<sup>7</sup> For avoidance of doubt, an Eligible Education Programme in the form of e-learning shall also be eligible irrespective of the location of the e-learning provider.

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|  | <p>if any, and the total additional amount of financing needed, which shall be kept on record by the Financial Intermediary;</p> <p>d. The Final Recipient is not a Sanctioned Person;</p> <p><b>Category B</b></p> <p>Final Recipients shall comply with each of the following eligibility criteria:</p> <ul style="list-style-type: none"> <li>a. The Final Recipient is established and operating in a Member State;</li> <li>b. The Final Recipient is an SME, a Small Mid Cap or Small Public Enterprise;</li> <li>c. The Final Recipient intends to finance an Eligible Investment in Skills, which shall be evidenced by means of a presentation of a training plan, training budget or offer by a training provider or any similar relevant document;</li> <li>d. The Final Recipient is not established in a Non-Compliant Jurisdiction unless in case of NCJ Implementation;</li> <li>e. The Final Recipient is not a Sanctioned Person;</li> </ul> <p><b>Category C</b></p> <p>Final Recipients shall comply with the following eligibility criteria:</p> <ul style="list-style-type: none"> <li>a. The Final Recipient is an SME, a Small Mid cap, a Small Public Enterprise or an Organisation (or association thereof);</li> <li>b. The Final Recipient is: <ul style="list-style-type: none"> <li>• a newly established<sup>8</sup> enterprise or organisation with an economic activity in the field of education/skills (NACE code in group P<sup>9</sup>); or</li> <li>• an existing enterprise or organisation with a substantial focus<sup>10</sup> of their economic activity in the field of education/skills (NACE code in group P); or</li> <li>• entering into a Final Recipient Transaction for the purpose of developing a skills/training/educational project that falls under one of the NACE codes of group P<sup>11</sup> (Education), which shall be evidenced by means of the provision of the project plan or equivalent documentation;</li> </ul> </li> </ul> |
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<sup>8</sup> Up to two years since establishment date

<sup>9</sup> At the four-digit statistical class level as listed in Annex I

<sup>10</sup> At least 20% of the sales/turnover to derive from an economic activity in the field of education/skills

<sup>11</sup> See Annex I

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|  | <ul style="list-style-type: none"> <li>c. The Final Recipient is established and operating in a Member State;</li> <li>d. The Final Recipient is not established in a Non-Compliant Jurisdiction unless in case of NCJ Implementation;</li> <li>e. The Final Recipient is not a Sanctioned Person.</li> </ul> <p><b>2. Final Recipient Transaction Eligibility Criteria</b></p> <p>Final Recipient Transactions shall comply with: (1) a set of common eligibility criteria and (2) specific eligibility criteria as per the Final Recipient category:</p> <p><b>(1) Common Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>a. The Final Recipient Transaction is newly originated and is entered into with the Financial Intermediary during the Inclusion Period;</li> <li>b. The Final Recipient Transaction shall not be affected by an Irregularity or fraud;</li> <li>c. The Final Recipient Transaction shall not finance illegal activities according to applicable legislation in the country of the Financial Intermediary or the Final Recipient (including national, European Union and international legislation, including the Charter of Fundamental Rights of the European Union and the European Convention on Human Rights and its Supplementary Protocols);</li> <li>d. The Final Recipient Transaction shall be denominated in EUR or any other currency specified in the Guarantee Agreement;</li> <li>e. If the Final Recipient Transaction is a lease, it shall be in the form of a Finance Lease.</li> </ul> <p><b>(2) Specific Eligibility criteria per category of Final Recipients:</b></p> <p><b>Category A</b></p> <ul style="list-style-type: none"> <li>a. The Final Recipient Transaction is a Debt Financing transaction, which shall have a fixed repayment schedule;</li> <li>b. The Final Recipient Transaction provides funding for coverage of cost for tuition fees, living expenses, accommodation fees, transport expenses, text books and other related expenses to an Eligible Educational Programme, which shall be evidenced by means of a proof of acceptance in an Eligible Educational Programme;</li> <li>c. The principal amount of a Final Recipient Transaction shall not be more than EUR 30,000 or, where the Final Recipient Transaction is denominated in a currency other than Euro, the equivalent amount set out in the Guarantee Agreement. The Final Recipient Transaction shall not raise the aggregate amount of principal committed by the Financial Intermediary to be available for utilisation by a single Final Recipient under one or more Final Recipient Transactions above EUR 30,000 or, where the Final Recipient Transactions are denominated in a currency other than Euro, the equivalent amount set out in the Guarantee Agreement;</li> <li>d. No collateral or parental (or other third party) guarantee shall be requested to secure a Final Recipient Transaction other than a</li> </ul> |
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|  | <p>e. personal guarantee from the Final Recipient;<br/>The Final Recipient Transaction shall not be eligible, if the Financial Intermediary has entered into a guarantee agreement with the Guarantor under the Erasmus+ Student Loan Guarantee Facility ("Erasmus+ SLGF") and if the Final Recipient Transaction is eligible to be included in the Erasmus+ SLGF portfolio.</p> <p><b>Category B</b></p> <p>a. The Final Recipient Transaction is a Debt Financing transaction, which shall have a fixed repayment Schedule or be a Revolving Transaction;</p> <p>b. The Final Recipient Transaction provides funding for investment in 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 document describing the activities undertaken and its estimated cost;</p> <p>c. The principal amount of each Final Recipient Transaction shall not be more than 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;</p> <p>d. The principal amount<sup>12</sup> of a Final Recipient Transaction shall not be higher than twice the amount of the direct planned costs<sup>13</sup> 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.);</p> <p>e. The Final Recipient Transaction shall have a minimum scheduled maturity of 12 months;</p> <p>f. In respect of Final Recipient Transactions in the form of Revolving Transactions only, has a Maximum scheduled maturity of 9 years (unless such scheduled maturity is extended as a result of a conversion of the relevant Revolving Transaction).</p> <p><b>Category C</b></p> <p>a. The Final Recipient Transaction is a Debt Financing transaction, which shall have a fixed repayment Schedule or be a Revolving Transaction;</p> <p>b. The Final Recipient Transaction provides funding for investment in tangible and intangible assets, as well as working capital;</p> <p>c. The principal amount of each Final Recipient Transaction shall not be more than 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;</p> <p>d. The Final Recipient Transaction shall have a minimum scheduled</p> |
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<sup>12</sup> In this amount any costs related to projects aiming to enhance skills demand or skills use may also be captured.

<sup>13</sup> Direct planned costs for training may 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.

**Annex II to the Open Call for Expression of Interest to select Financial Intermediaries under the Skills & Education Guarantee Pilot**

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|                          | <p>maturity of 12 months.</p> <p>e. In respect of Final Recipient Transactions in the form of Revolving Transactions only, has a Maximum scheduled maturity of 9 years (unless such scheduled maturity is extended as a result of a conversion of the relevant Revolving Transaction).</p>  |
| <b>Exclusion Process</b> | <p>(i) At any time, the EIF may verify whether a Final Recipient Transaction included in the Individual Portfolio is an eligible Final Recipient Transaction and whether its inclusion in the Individual Portfolio is in compliance with the terms of the Guarantee Agreement. At any time upon becoming aware of the same, the EIF may notify the Financial Intermediary by sending an Exclusion Notice identifying such non-eligible Final Recipient Transaction.</p> <p>(ii) If a Financial Intermediary becomes aware of the same the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF.</p> <p>In each of the cases (i) and (ii) the Final Recipient Transaction shall be excluded from the Individual Portfolio (and shall not be covered by the Guarantee) ("<b>Excluded Final Recipient Transaction</b>") as of the date on which it became a non-eligible Final Recipient Transaction.</p> <p>However, if a Final Recipient Transaction included in the Individual Portfolio is or becomes a non-eligible Final Recipient Transaction, as a result of any event or circumstance beyond the control of the Financial Intermediary after a payment demand relating to such Final Recipient Transaction, then such Final Recipient Transaction shall be deemed to be covered by the Guarantee.</p> <p>Similarly, if a Final Recipient Transaction included in the Individual Portfolio becomes a non-eligible Final Recipient Transaction, as a result of any event or circumstance beyond the control of the Financial Intermediary but before a payment demand relating to the Final Recipient Transaction, then such Final Recipient Transaction shall be deemed to be covered by the Guarantee if the Financial Intermediary procures that all amounts owed by the relevant Final Recipient under such Final Recipient Transaction are accelerated or such Final Recipient Transaction is otherwise terminated no later than the Report Date immediately following the date on which it became aware of the same. However, if the Financial Intermediary does not proceed to the acceleration of such Final Recipient Transaction within the timeframe specified above then such Final Recipient Transaction shall be excluded from the Individual Portfolio as of the date on which it became a non-eligible Final Recipient Transaction.</p> <p>The Actual Portfolio Volume shall be reduced following an exclusion from the Individual Portfolio by the aggregate committed principal amount of the Final Recipient Transactions so excluded.</p> |
| <b>Right of Clawback</b> | <p>EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Guarantee by EIF in excess of the Loss, in excess of the Cap Amount, and any excess amount paid by EIF as a result of an exclusion of a Final Recipient Transaction from the Individual Portfolio.</p>  |

**Annex II to the Open Call for Expression of Interest to select Financial Intermediaries under the Skills & Education Guarantee Pilot**

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**Miscellaneous**

|                                 |  |
|---------------------------------|--|
| <b>Servicing and Recoveries</b> | <p>The Financial Intermediary shall service the Individual Portfolio in accordance with its internal guidelines and procedures.</p> <p>Recoveries mean each and every amount, net of recovery and foreclosure costs (if any), recovered or received by the Financial Intermediary in respect of a Loss for which a valid Payment Demand has been sent to EIF. Recoveries shall be shared between the Financial Intermediary and the EIF pro rata to the Guarantee Rate. The EIF's claims will rank pari-passu with the Financial Intermediary's claims with regard to any Loss Recoveries, subject to the fixed recovery rate (if applicable).</p>   |
| <b>Reporting</b>                | <p>Financial Intermediaries shall provide EIF, within one calendar month after the end of each calendar quarter (the '<b>Report Date</b>'), with information in a standardized form, including among others, information on the Final Recipient Transactions included in the Individual Portfolio and Final Recipients (the '<b>Report</b>'), as per specific schedule to the Guarantee Agreement.</p>   |
| <b>Other information</b>        | <p>Financial Intermediaries may also be requested to provide, from time to time, further information related to the Final Recipients covered by the Guarantee in the context of programme evaluations and other reports. This information is required by the European Commission for reporting purposes and will be used for evaluating the S&amp;E Pilot. The European Commission requests will be coordinated by the EIF.</p> <p>In addition to the evaluations described above, the European Commission may perform a Final Recipient Survey contacting directly or via a contractor a sample of Final Recipients. For this purpose, the contractual documentation between the Financial Intermediary and the Final Recipient shall contain the relevant provisions authorizing to transfer contact information to the European Commission and/or a contractor acting on behalf of the European Commission.</p> |
| <b>State Aid</b>                | <p>The Financial Instrument provided by the S&amp;E Pilot is considered to be consistent with State Aid rules.</p>   |
| <b>Monitoring and Audit</b>     | <p>Financial Intermediaries and the relevant Final Recipients covered by the Guarantee shall agree to allow and to provide access to documents and premises (in the case of Financial Intermediaries) related to the relevant Guarantee for the representatives of the European Commission, agents of the European Commission (including the European Anti-Fraud Office (OLAF)), the European Court of Auditors, European Public Prosecutor's Office (EPPO), the EIF, agents of the EIF, the EIB, any other European Union institution or European Union body which is entitled to verify the use of the Guarantee in the context of the S&amp;E Pilot and any other duly authorized bodies under applicable law to carry out audit or control activities. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with Final Recipients.</p>                     |
| <b>Publicity</b>                | <p>Financial Intermediaries, in line with applicable laws, EC and the S&amp;E Pilot provisions, may carry out marketing and publicity campaigns - as specified in the Guarantee Agreement - aimed at making the S&amp;E Pilot known to the Final Recipients in the relevant region/country.</p> <p>In particular, the selected Financial Intermediary will be contractually required to:</p>   |

|                                |  |
|--------------------------------|--|
|                                | <p>a) Ensure that the information and promotional material of the product clearly point to the support provided by the EU through the European Fund For Strategic Investments (EFSI);</p> <p>b) Promote the products offered under the S&amp;E Pilot through its website, including concrete information on how/where to apply and contact points for Final Recipients;</p> <p>c) The Financial Intermediary shall include in the contractual documentation with Final Recipients a text that highlights that “the finance provided to the Final Recipient has been made possible through the support of the European Union, under the European Fund For Strategic Investments”.</p> <p>All documents concerning this Guarantee, including amongst others, applications, Final Recipient Transaction agreements, promotional material, etc., will contain a statement mentioning that the Final Recipient Transaction was made possible with the support of the European Fund For Strategic Investments.</p> <p>Additionally, the Financial Intermediary shall provide EIF upon request with case studies of Final Recipients having benefited from a Final Recipient Transaction.</p> |
| <b>Transfer</b>                | The Financial Intermediary shall not be entitled to transfer any or all of its rights and obligations under the Guarantee without the consent of the EIF.  |
| <b>Record keeping</b>          | The Financial Intermediary shall maintain or be able to produce all the documentation related to the implementation of the Guarantee Agreement for a period of five (5) years following the Termination Date of the Guarantee.   |
| <b>Additional requirements</b> | This Financial Instrument is funded by EU funds and it is therefore subject to certain regulations and requirements, some of which have already been presented in this document. It should be noted, however, that more detailed information on actions necessary to ensure compliance of operations linked to this Financial Instrument with all requirements will be provided to, and discussed with, the selected Financial Intermediary during the contractual negotiations process.   |



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               |