

got skills?

LEVEL UP

Skills and Education
Guarantee Pilot

Live webinar - 25th June 2020

An initiative of:



European
Investment *Advisory Hub*
Europe's gateway to investment support



Agenda

- 1 The Skills & Education guarantee pilot
- 2 The benefits of partnering with the EIF
- 3 How the guarantee works
- 4 How to apply
- 5 Additional implementation details



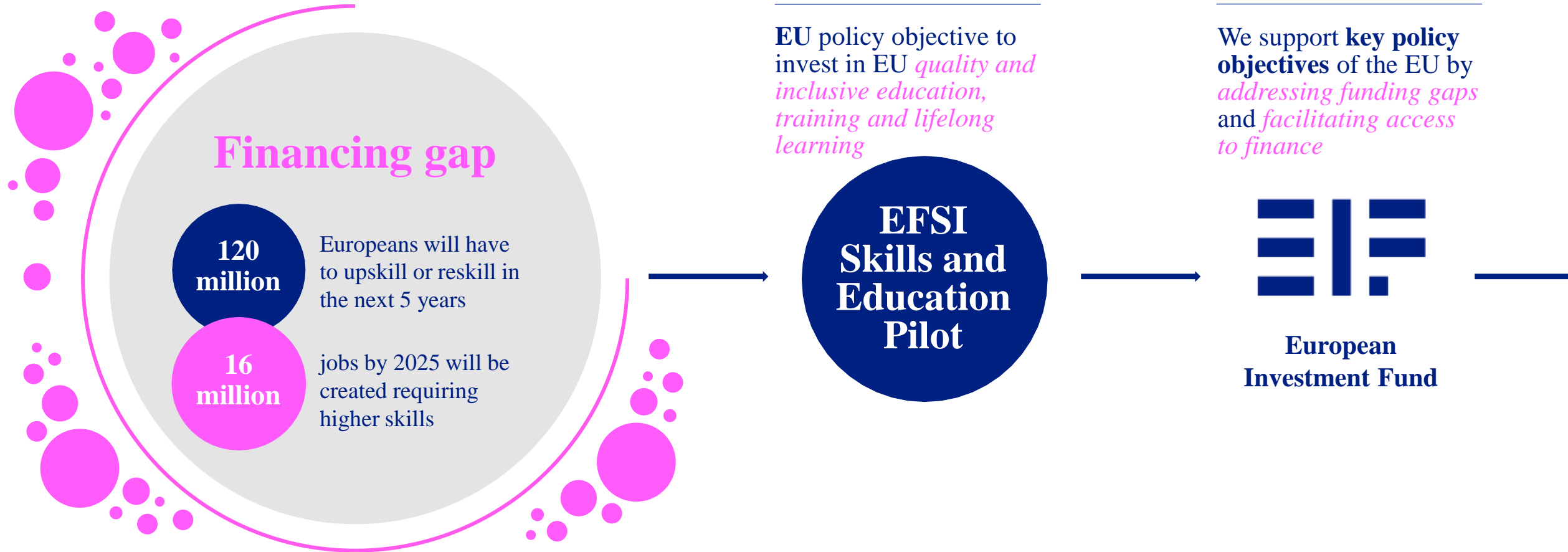
The S&E guarantee pilot

The Skills and Education (S&E) guarantee pilot is a new debt financing initiative dedicated to stimulating access to finance in education, training and skills.



The skills and education guarantee

Tackling the EU skills and education financing gap



The skills and education guarantee

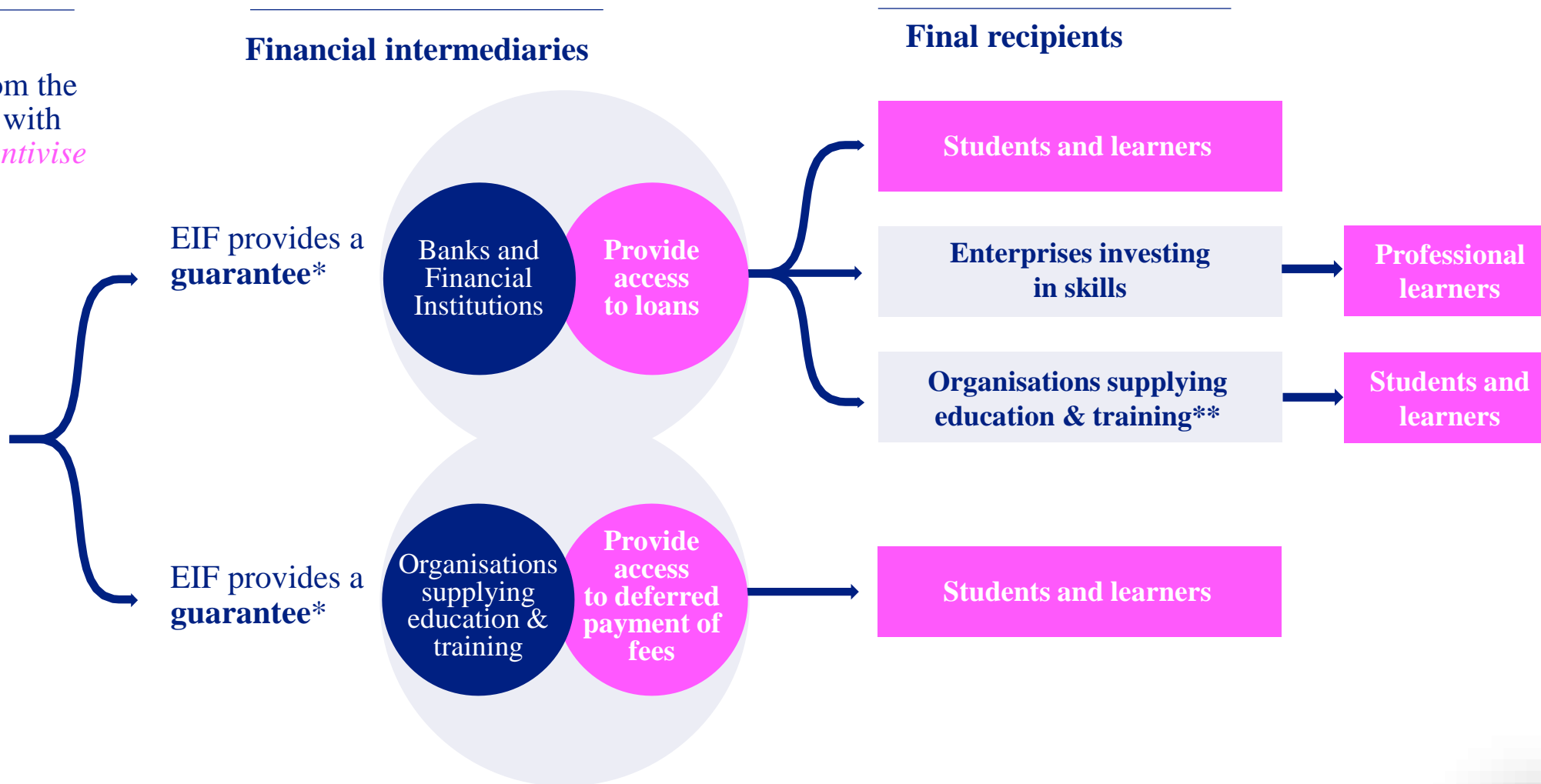
By sharing risks with our partners

Role of the EIF

Using resources from the EU, we *share risks* with our partners to *incentivise lending*



European Investment Fund



*Capped up to 25% of the guaranteed portfolio. **Or developing projects in the field of education.

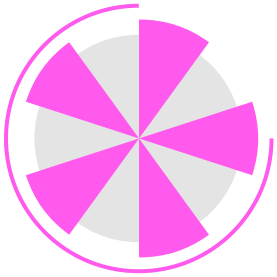
EIF and its partners

Risk sharing to increase access to finance



What is a fee deferral scheme?

Description



A scheme allowing students/learners to **defer the payment** of their education/training expenses.

Case study

You launch a *new course*

120 students are needed to break-even

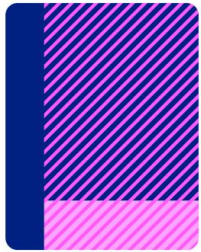
You want to defer fees to *an additional 100 students*

No impact on your cost-covering capacity

Potential to increase your marginal earnings

What is the S&E portfolio guarantee?

Description



A guarantee of a **portion of your expected losses** as a result of non-repayments.

Guarantee rate: up to 80%

Cap rate: up to 25%

Free of charge

Case study

You defer fees
but not all
students *repay*

*If students
don't repay,
you will have
losses*

The
guarantee
*covers part of
those losses*

*Because the
risk is
shared*

You can
*attract more
students*

Who can become a partner?

Eligible education and training organisations

**Supplying
education and
training**

- Universities
- Vocational education and training (VET) providers
- Business schools
- Online training providers
- Consulting companies

**EU
based**

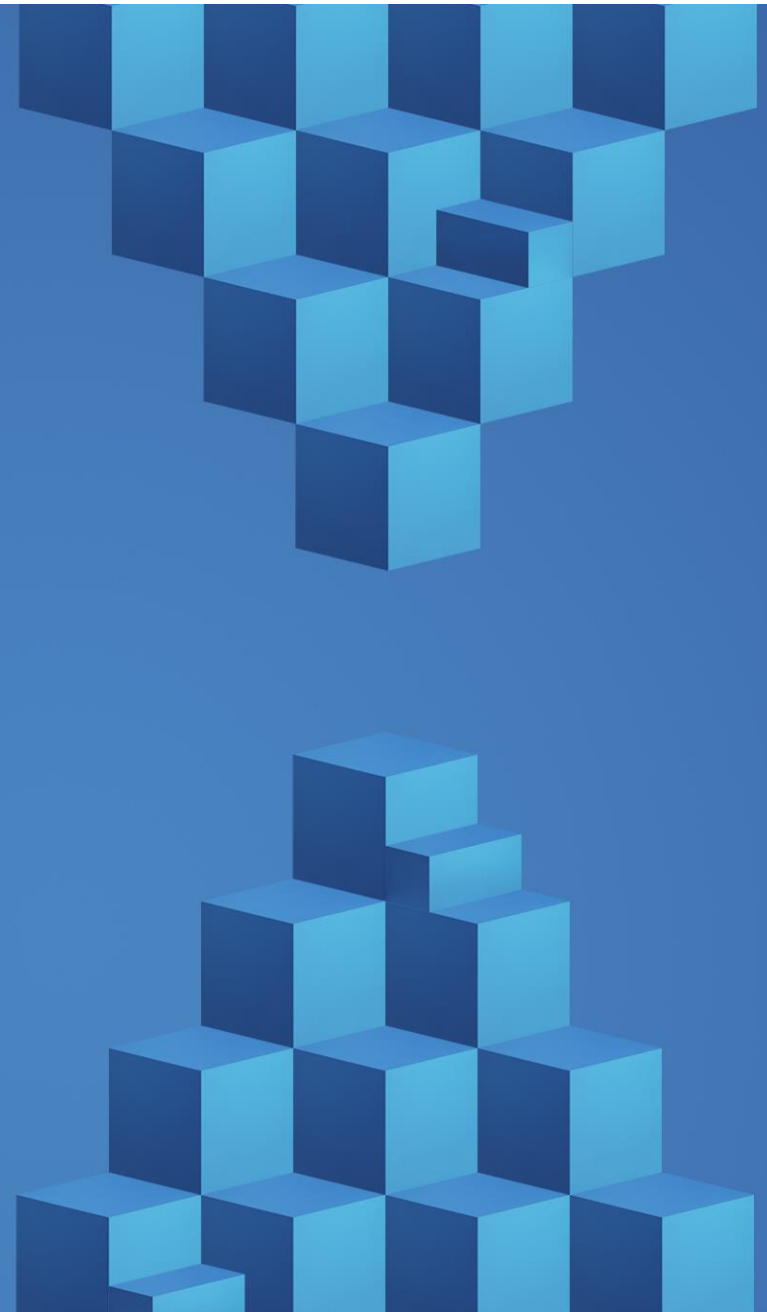
- Established and operating in an EU Member State

**Ready to
provide fee
deferral
schemes**

- Capable of operating a system of deferral of payment of fees

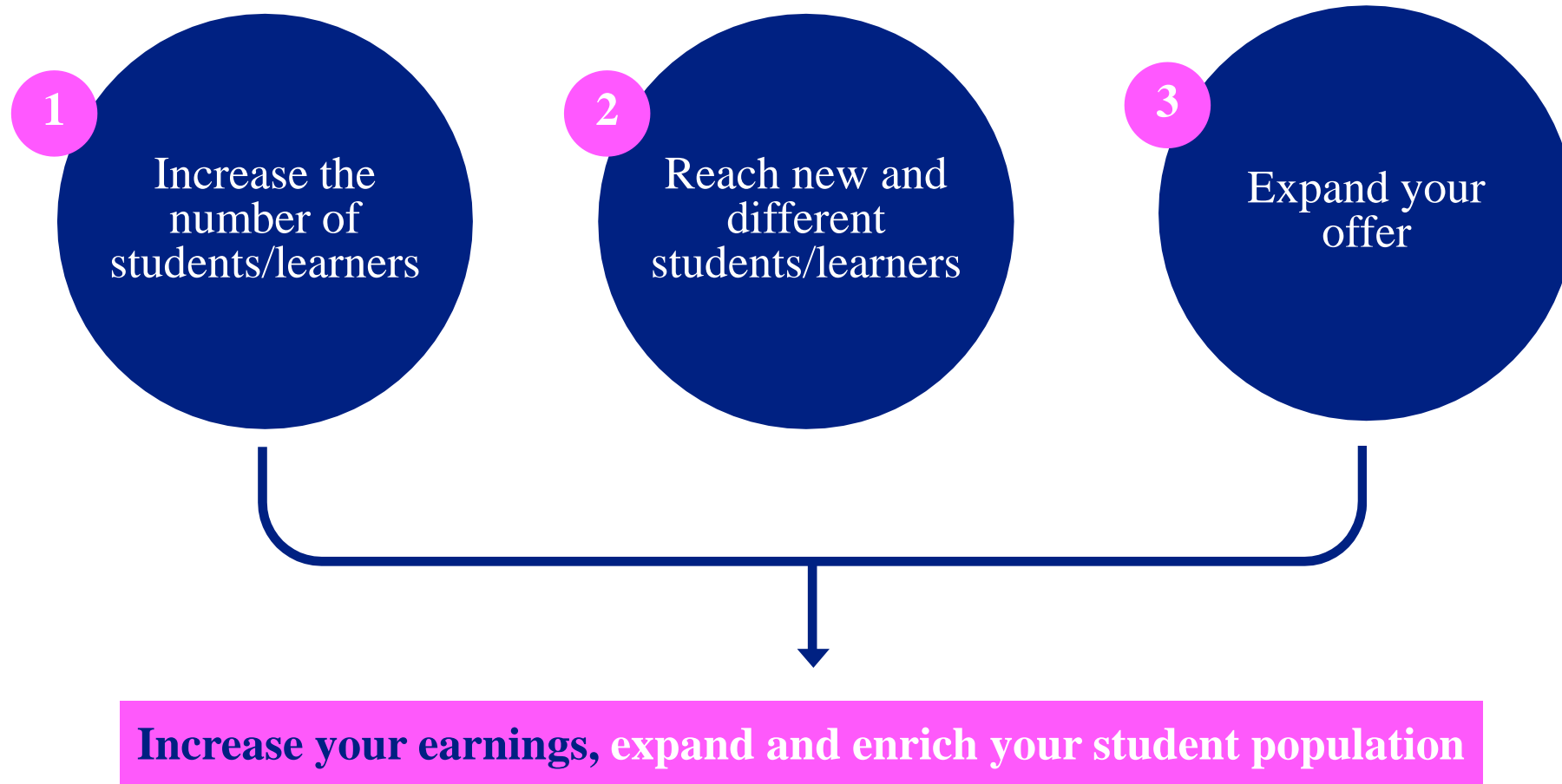
Benefits of partnering with the EIF

*By partnering with the EIF,
some of the losses of your fee
deferral scheme are covered.*



Benefits of partnering with the EIF

Attract more students through fee deferral schemes



Broad scope

Eligible students and learners



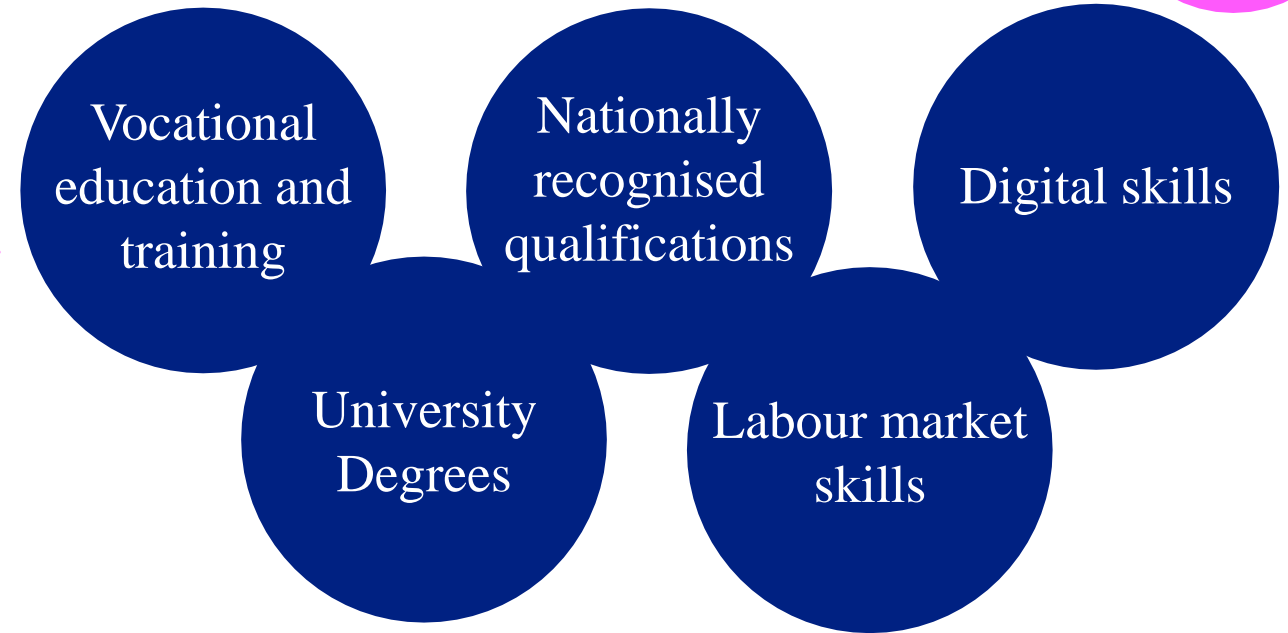
Any student or learner >18y

participating in an *Eligible Educational Programme*



in a Member State

Eligible educational programmes*

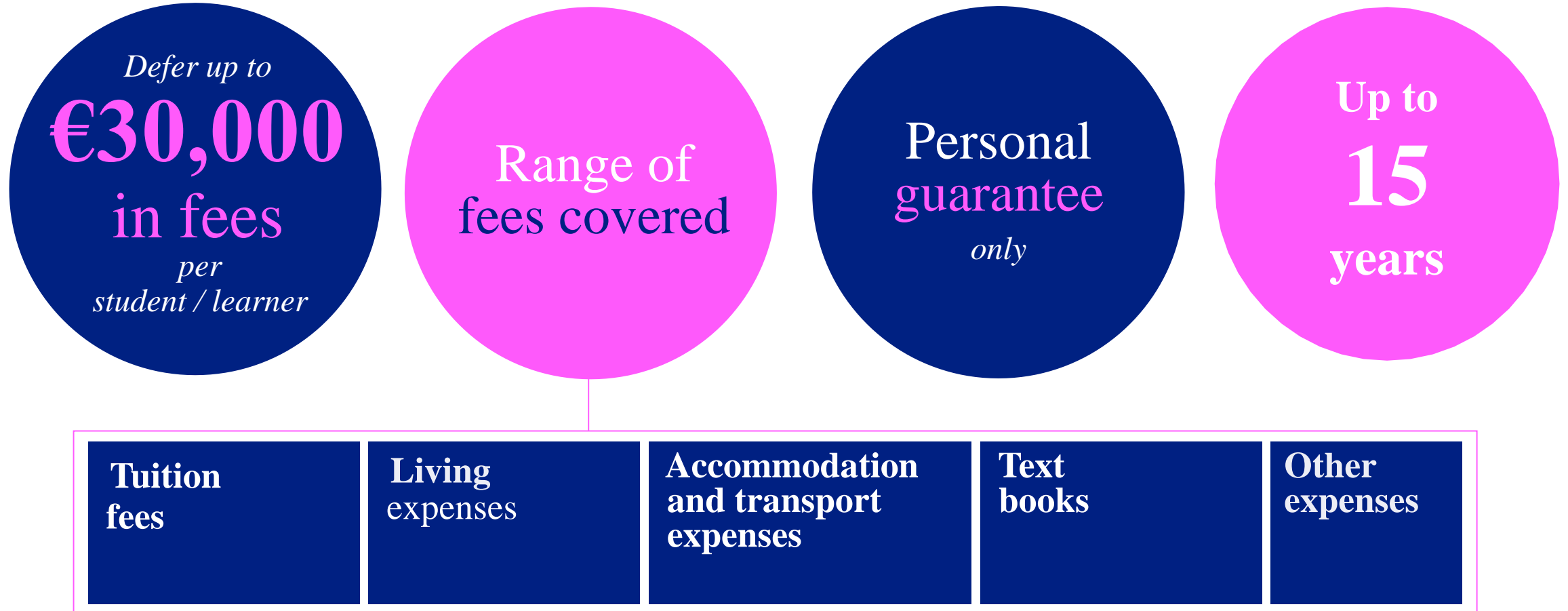


*Programmes falling under ISCED classification 3-8 (Upper secondary, Post-secondary non-tertiary education including VET - vocational education and training; Short-cycle tertiary education, including VET; Bachelor's, Master's, Doctoral or equivalent level degrees); Programmes leading to nationally recognised qualifications; Trainings in digital skills; Training in labour market relevant skills.



Attractive terms for students and learners

Fee deferral terms



Customisation features

Flexibility to tailor the guarantee agreement based on your needs

What the guarantee covers

- Deferred tuition payments
- Inclusion of other costs aside of tuitions, e.g.:
 - books
 - computer
 - accommodation

Features of the deferral scheme

- Repayment period
- Implied interest rate
- Features:
 - students targeted
 - study courses / training
 - % fees deferred
 - repayment period duration
 - grace period

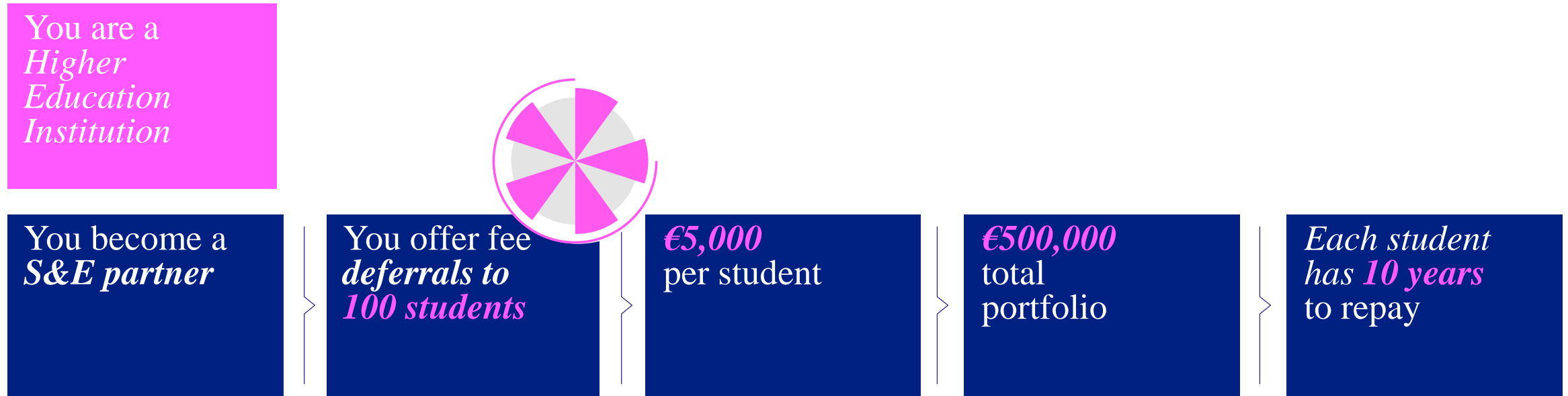
How the guarantee works

A simplified real-life case study to illustrate how the guarantee works.



Case Study - *simplified*

You launch a fee deferral scheme



Case Study - *simplified*

Timeline



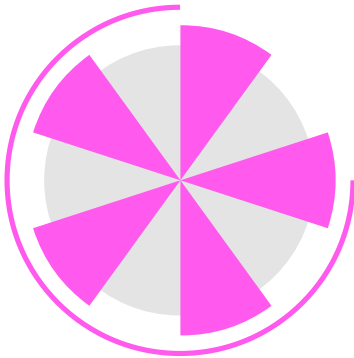
Case Study - *simplified*

Your guaranteed portfolio and losses guaranteed

1

Fee deferral portfolio
100 students

€5,000 fees deferred
per student

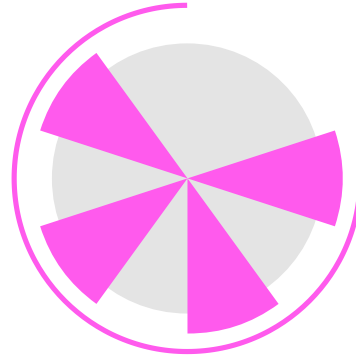


Portfolio:
€500,000

2

Guaranteed portfolio
Guarantee rate: 80%

80% of €5,000 = **€4,000**
per student



Guaranteed portfolio:
€400,000

3

Guarantee amount
Cap rate 25%

25% of the
guaranteed portfolio

25% of € 400,000

Losses guaranteed:
€100,000



For every student that defaults
we will cover up to
€4,000 until a maximum of
€100,000

Case Study - *simplified*

When students fail to repay

*10 years
pass*

70 students
have repaid
their fees

30 students
do not repay
their fees

You have
*outstanding
fees of
€150,000*

Case Study - *simplified*

What to do in case students fail to pay

Report the default to the EIF

1

Activate recovery procedures

- Extend repayment terms
- Introduce a grace period

and

or

2

Submit immediately a guarantee call

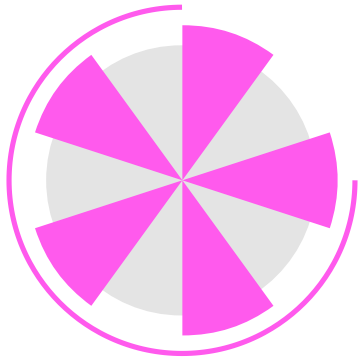
To recover part of the losses

Case Study - *simplified*

Recover part of your losses via the guarantee

Outstanding portfolio
30 students

€5,000 fees defer
per student



Outstanding fees:
€150,000

Submit a guarantee call
Recover up to €100,000

Out of your **€150,000**
outstanding fees,
the S&E guarantee **covers**

up to €4,000 per student
until a maximum of
€100,000.

This means **your**
maximum losses
are *limited to*
€50,000

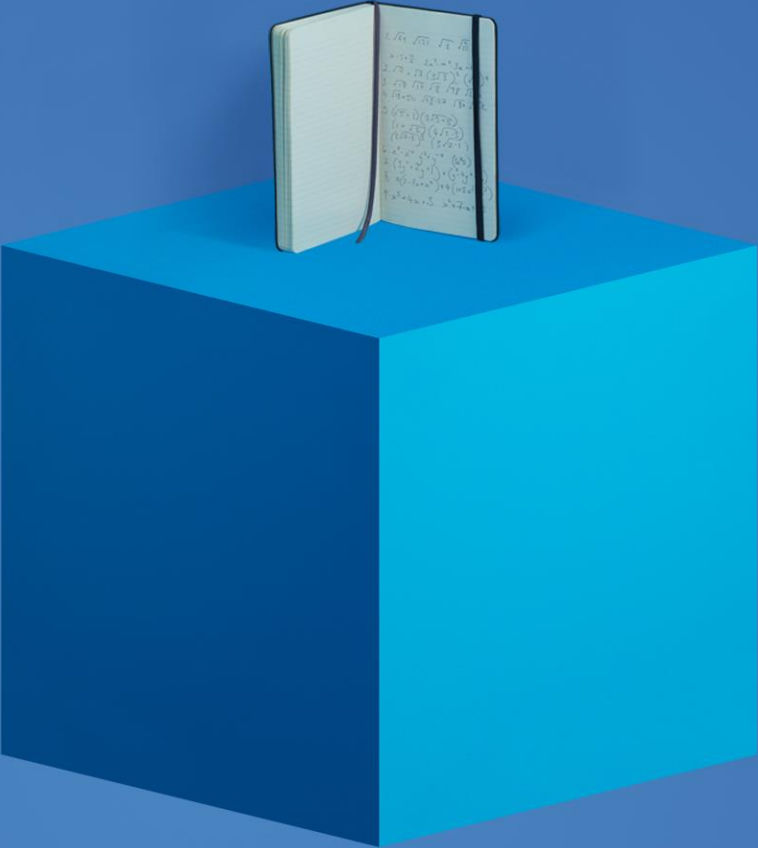
(€150,000 outstanding fees - €100,000 guarantee cap amount)

Guarantee terms

Summary

Financial instruments	Capped portfolio guarantee
Guarantee rate	Up to 80%
Maximum guarantee cap rate	Up to 25%
Guarantee fee	Free of charge
Guarantee tenure	15 years
Fee deferral conditions	Can be defined specifically together with the Financial Intermediaries
Minimum financial intermediary risk retention	20%
Repayment terms	Can be defined specifically together with the Financial Intermediaries
Coverage of accrued or capitalised interest	Up to Permitted Capitalised Interests as defined in the relevant Guarantee Agreement
Availability period	Generally up to 3 years

Q&A



Type your questions and we will be happy to answer.

Coming next:

- *How to apply*
- *Implementing the guarantee*

How to apply



A quick guide to our call for expression of interest and the necessary documentation and application process.

Four step process

To become a Skills & Education guarantee partner

1

Access documentation

An open Call for Expression of Interest is published on our website.

[Click to read](#)

2

Submit expression of interest

Submit relevant documentation before the deadline.

Application deadline:
31.10.2020

s-e-pilot@eif.org

3

Due diligence & approval

EIF will conduct a screening and, if pre-selected, a due diligence.

Negotiations on, e.g.:

- maximum fee deferral volume
- repayment terms for students/learners
- guarantee terms
 - guarantee rate
 - cap rate
 - availability period etc.

4

Guarantee agreement

If approved by the EIF's Board, guarantee agreement is signed.

Marketing and roll out commences.

(Up to) 3 year inclusion commences.

Application documentation

Which information to submit

General information about your organisation

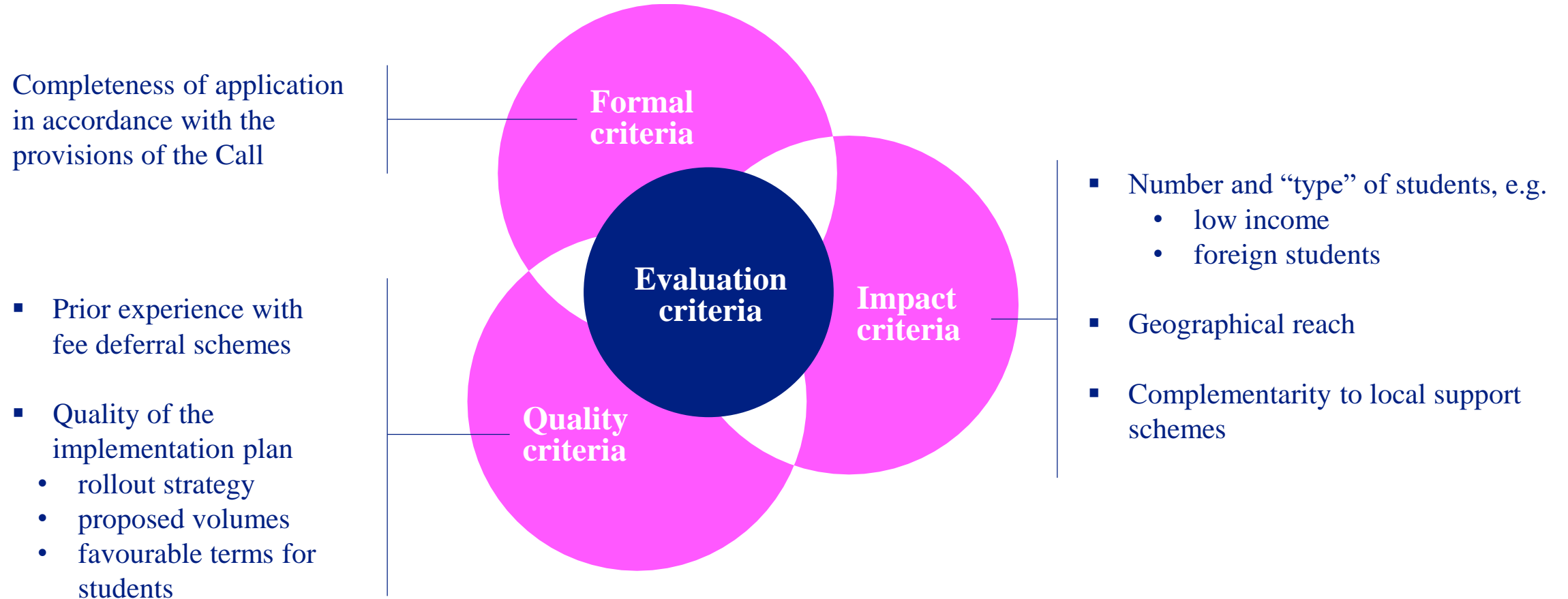
Organisation description	Organisation activity
	Geographical reach
Financial standing	
Operating principles	
Prior experience in offering fee deferral schemes including volumes	
Position in the market	

Specific information about the proposed fee deferral scheme

Fee deferral characteristics	Envisaged volumes (number of students/learners)
	Average EUR amount of fee deferrals foreseen
Complementarity with local support schemes	
Favourable terms for students	Pricing e.g. interest rate reduction
	Grace periods
	Min/max maturity
Implementation strategy	Marketing plan
	Internal readiness (systems, procedures)

Evaluation criteria

Each application is evaluated in chronological order using these criteria

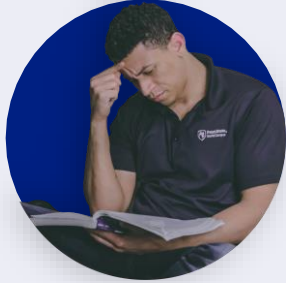


Implementing the guarantee

Marketing and reporting obligations.



Marketing obligations



1

Promotion on your *website*



2

Reference to the S&E guarantee in your *promotional and contractual material*



3

Provide *case studies*



Reporting obligations

When to report?



Quarterly basis:

Starting from 30 days after the first quarter end date following the start of the inclusion period under the guarantee agreement

What to report?



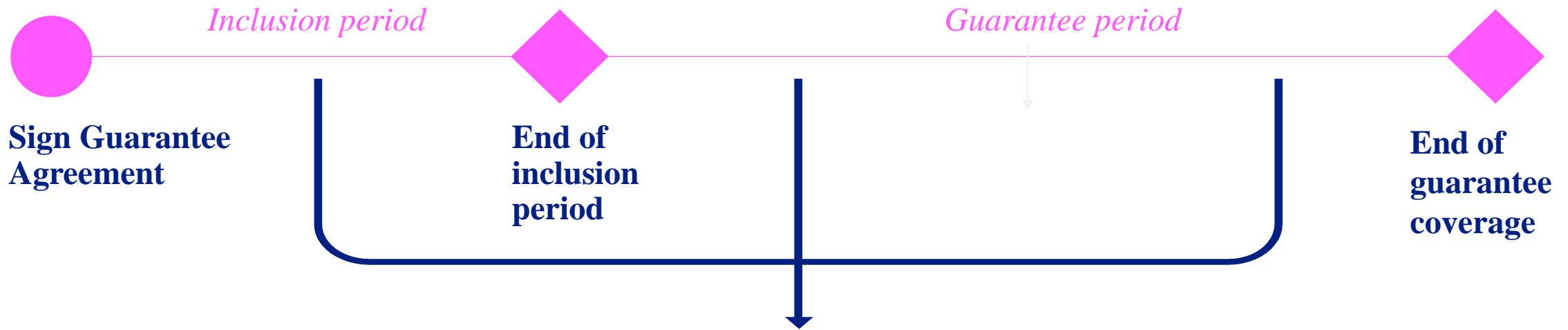
Student/learner personal information:

name, contact, gender, nationality, country, date of birth, labour market status

Transaction information:

amount, maturity, grace period, signature date, disbursement start date, duration of the studies, level of eligible educational programme, field of study

Summary of the guarantee process



Reporting each quarter

Reporting on inclusions: line by line detail on each newly signed fee deferral and already previously reported fee deferrals to track repayment of exposures

Reporting on defaults and recovery procedures e.g. restructuring / modification of deferrals

Monitoring visits

EIF may visit the Financial Intermediary and ask to review detailed documentation of a number of sampled reported deferral schemes

Summary



Recap of partner benefits

Increase the
number of
*students/
learners*

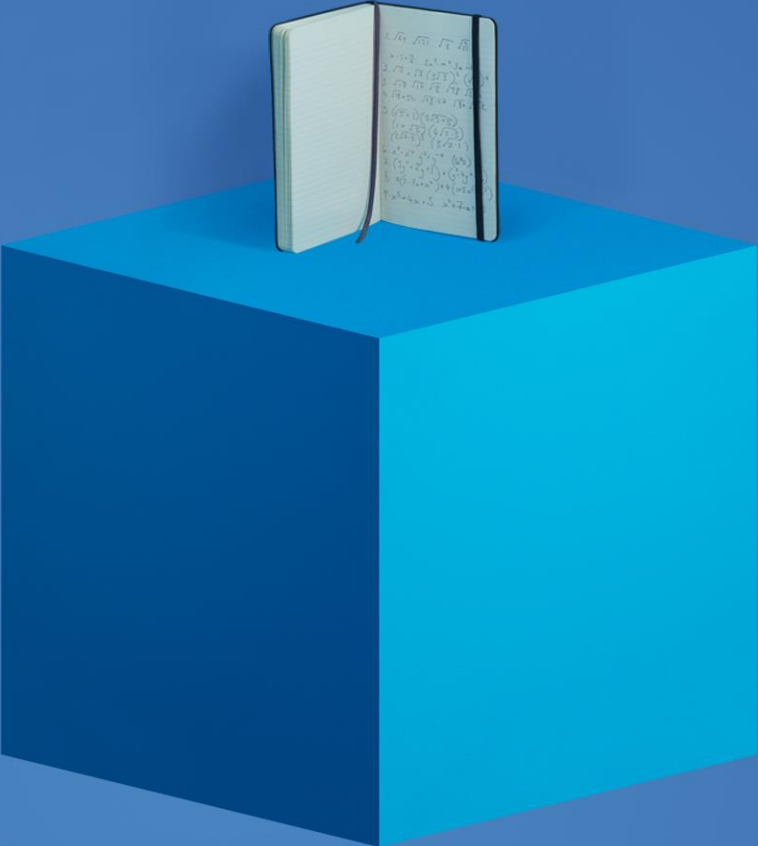
Expand your
offer of
*courses/
training
programmes*

Expand and
enrich your
*student
population*

*Potential to
increase
your
earnings*

*Reduce risk
of non-
repayment/
losses*

Q&A



Type your questions and we will be happy to answer.

Thank you.

Visit eif.org to access:

- the *Call for Expression of Interest* (available [here](#) as of April 2020)

Contact EIF's team: s-e-pilot@eif.org



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