

# Conclusions

## Framework operation #32 for Microfinance, Social and Skills Guarantee Product / Skills, Education and Training

INVEU-ICR-0077-2023 – Social Investment and Skills Window (SISW)

### Short description of the financing or investment operation and its objectives

Type of the financial intermediaries	Guarantee Intermediaries such as financial institutions, (including alternative lenders), guarantee institutions, education providers, National Promotional Banks or Institutions, providing Debt Financing (including fee deferral schemes and income share agreement) directly or indirectly to final recipients meeting at least one of the Product Eligibility Criteria from Skills & Education Guarantee.
Type of final recipients	Natural persons, SMEs (including Micro Enterprises), Small Midcaps, and Small Public Enterprises
Countries of implementation	EU-27. Sub-Projects are expected to materialise primarily, but not exclusively, in Spain, Germany, Lithuania, Croatia, Luxembourg and Greece.
Implementing partner	European Investment Fund (EIF)

The present Framework Operation is the second one in the area of Skills, Education and Training for Sub-Projects to be entered into with financial intermediaries. The first Framework Operation #13, has received a number of applications from financial intermediaries and represents a substantial consumption level. It builds on the implementation of the former European Commission guarantee programme managed by the EIF, namely the **EFSI Skills and Education Guarantee Pilot**, which was launched with the overarching objective to facilitate access to debt financing and enable the skilling, re- and upskilling of more people.

The Sub-Projects will aim at supporting quality and inclusive education and lifelong learning, reinforcing European higher education, and contributing to the green and digital transitions. These will target students and learners as well as entities intending to finance the up-skilling or re-skilling of their current or future employees or those providing enabling or coordination services ancillary to skills and education. Entities with a substantial focus of their economic

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activity in the field of education or skills or developing an education or a skills project would be also eligible.

### **Global Assessment and rationale for approval**

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 9 November 2023 for the above-mentioned operation.

This Framework Operation will address several market failures in the area of student lending and access to finance for SMEs. The lack of financial resources is characterized by inequality and limited access to education and skills development for different groups of the society, such as students, learners, employees or companies. Education finance is still a nascent market with limited number of financial institutions serving this segment due to high inherent risks and high associated costs.

In terms of additionalities, the InvestEU Guarantee supports transactions with higher risk profile than standard credit risk by (a) targeting final recipients of lower creditworthiness, (b) providing enhanced access to finance measures to the benefit of final recipients, e.g. by reducing or absence of collateral requirements, through bespoke financing arrangements (e.g. income sharing agreements (ISAs), fee deferral schemes), lower cost of financing and targeting excluded segments.

The operation supports not only financial intermediaries aiming at enhancing access to students and learners but also to companies operating in the education sector or a niche market not yet mainstreamed into the main credit channels. It further provides support to non-traditional financial intermediaries in an attempt to enrich the population of financial players supporting the education and skills sector.

Sub-Projects will also serve the digital and green skills market needs within EU towards education and work environment that is required to accommodate the shift towards a climate neutral Europe and digital transformation. As acquiring new skills and moving to new jobs in a different sector of economy or upskilling to preserve one's job will be needed in a new work environment.

Finally, the EIF aims at providing financial and structuring advice to financial intermediaries, as majority of these are either new intermediaries without prior experience in implementing debt financing schemes or/and guarantee products (e.g. education providers) or existing counterparties without prior experience in financing the target beneficiaries.