

**FRAMEWORK OPERATION #42 FOR MICROFINANCE. SOCIAL AND SKILLS
GUARANTEE PRODUCT - SKILLS. EDUCATION AND TRAINING (Multi-country)**

INVEU-ICR-0029-2024 – Social Investment and Skills Window (SISW)

Short description of the financing or investment operation and its objectives

Type of the financial intermediaries	Alternative lenders, financial institutions, guarantee institutions, microfinance institutions, education providers such as schools/universities, etc. providing debt financing
Type of the final recipients	Natural persons, SMEs, including Micro Enterprises, Midcaps (Small Mid-caps), Small Public Enterprises
Countries of implementation	Spain, Italy, Latvia, Portugal, France, Germany and Romania.
Implementing partner	European Investment Fund (EIF)

The purpose of this Framework Operation is to support Sub-Projects addressing the target area of Skills, Education and Training, in line with the relevant objectives and criteria enshrined in the InvestEU guarantee. Via the sub-projects forming part of this Framework Operation, the EIF expects to support quality and inclusive education and lifelong learning, reinforce European higher education, and contribute to the green and digital transitions. With the risk sharing solution enabled by the InvestEU guarantee, the EIF shall aim to incentivise more financial or non-financial institutions to provide financial solutions for the skills and education sectors thus help consolidate the very nascent education financing market.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 29 April 2024 for the above-mentioned operation.

The Framework Operation addresses market gap in the education finance. The lack of financial resources represents a major barrier to accessing education and training and creates unequal and limited access to education and skills development, for different groups of the society, students, learners, employees, companies which wish to engage in upskilling and reskilling of their workforce and education and service providers that need to keep up with and support the changing education needs and methods. Education finance is still very nascent and limited number of financial institutions are serving this segment.

Additionality is met by targeting recipient transactions, which carry a higher risk profile than the risk generally deemed acceptable by such intermediary, e.g., in the form of targeting final recipients of lower creditworthiness. In particular, for student financing, reliance on future

earnings and employment risk of students drives financial institutions to require collateral coverage from parents.

The resulting high risk, collateral requirements (and inability to provide it), as well as small loan amounts, are key reasons why student financing lacks popularity amongst financial institutions, in particular traditional lenders. Moreover, because of the high risk inherent to this financing segment, student financing could be costly, and students may have to face over-indebtedness since early on in their careers. In addition, SMEs, education providers and ancillary service providers are in need of financing to keep up with the evolving needs for skills and education. To help improve the financing gap that is preventing access to education and training, the InvestEU Skills & Education Guarantee Product aims to facilitate access to debt financing and enable the skilling and upskilling of more people. Most importantly, the risk sharing solution it offers should incentivise more financial or non-financial institutions to provide financial solutions for the skills and education sectors at better terms.