

## Conclusions

### **Jacobs University - Skills, Education and Training Capped Guarantee INVEU-ICR-0056-2022 – Social investment and skills window**

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

Name of the promoter or financial intermediary	Jacobs University
Countr(ies) of implementation	German and international students and learners
Implementing partner	EIF

Jacobs University Bremen GmbH is a private and state-recognised English-language research university based in Bremen. Under this Operation, Jacobs University will offer the deferral of tuition fees in the form of an income sharing agreement (ISA) to their students at substantially more favourable terms and aims to give access to education to a wider range of students. The conditions offered under the ISA schemes would be more attractive compared to the current offering of the intermediary. Furthermore, the improved offering would enlarge the outreach of the intermediary and help them to attract additional talent that could form part of the future European labour market.

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

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 20 October 2022 for the above mentioned operation.

Education finance and in particular student financing is still very nascent, and a limited number of financial institutions are serving this segment.

This operation supports a high-risk type of financing for a final recipient group, in most cases without employment or certainty of future revenues at the time of entering into the guaranteed final recipient transaction (i.e. income share agreements). Debt financing support provided to target final recipients is made with more favourable terms, compared to the standard credit and collection policies of financial intermediaries and will be mainly focussing on the following:

- Reduction of cost of financing, via reducing the income sharing percentage;
- Reduction of cost of financing by reducing the total amount to be repaid by student/learner;
- Decreased maturity of the transaction (income sharing term).

As a result of the guarantee, the income sharing agreements offer can be extended to a higher number of inbound students, taking into account an imbedded higher risk attached to this segment of students who may return to their domicile after the end of the studies. The intermediary will have only little to no recourse against their future income increasing the risk of non-payment.

The Investment Committee considered that the operation has somewhat limited impact on increasing access to finance for vulnerable students. However, the target population of international students is in line with EU policy objectives to attract international students and



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European Commission, Luxembourg

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bolster the international (inward and outward) mobility of students, researchers, academics and staff.

In addition, this operation will support non-traditional financial intermediary offering bespoke financing instruments, therefore contributing to the objective of enriching the population of the market players supporting the education and skills sector.