



European
Investment
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The EIB bank

EIB Lending for Education Sector Projects

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Interparliamentary Committee Meeting
Education and Youth

Brussels, 3 December 2015



Outline

- Presentation of Bank policies
- Lending to education sector
- Lending for specific objectives : e.g. Skills and Jobs – Investing for Youth
- EFSI projects
- Conclusions



- Financing partner for the EU Member States and institutions since 1958;
- More than 90% of lending is within the EU;
- Financial support to projects outside the EU amounted to EUR 13 bn, just over 10% of EIB lending;
- Shareholders: 28 EU Member States;
- The EIB contributes to the realisation of investment projects that further the economic, social and political priorities of the EU;
- More than 55 years of experience in financing projects;
- Around 2 100 staff – not only finance professionals, but also engineers, sector economists and socio-environmental experts



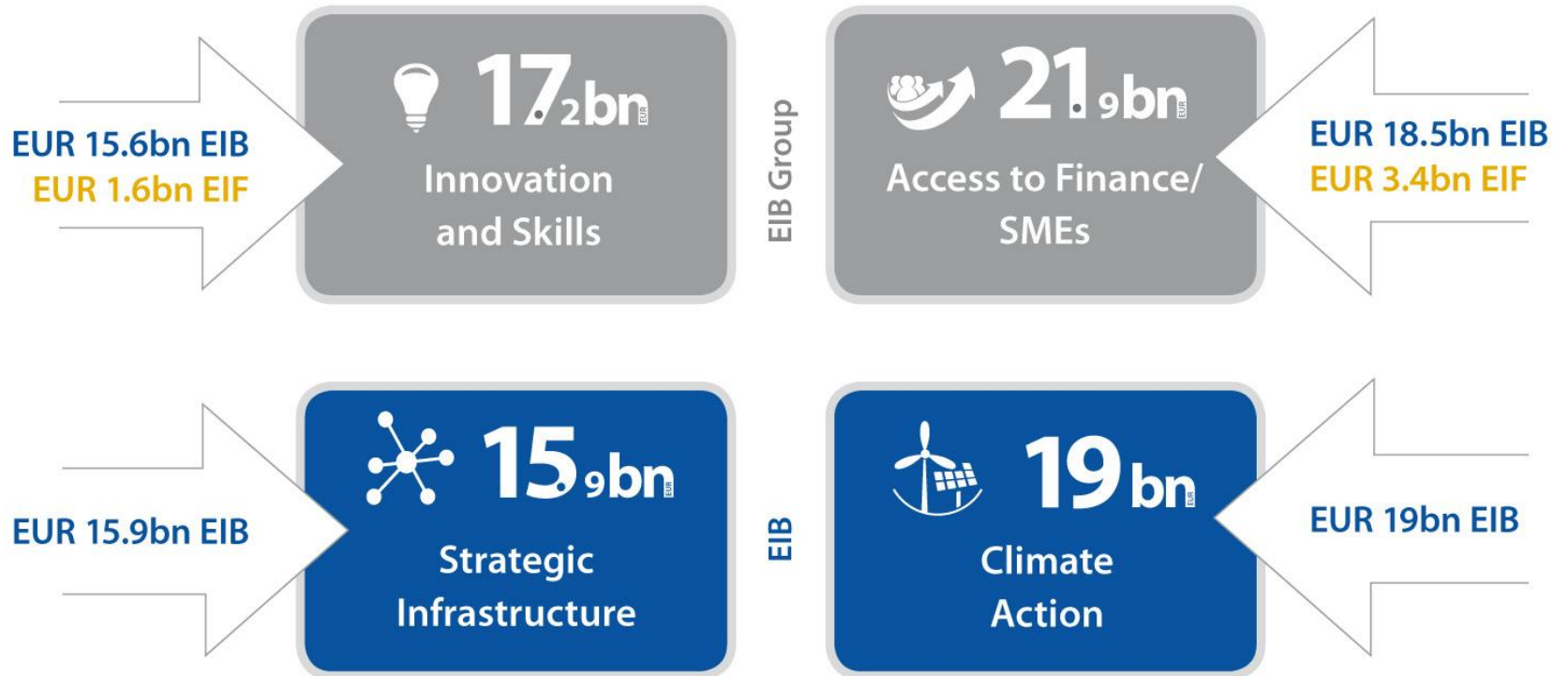


Projects financed by the Bank must be:

- economically justified
- technically viable
- financially self-supporting and
- environmentally & socially sound
- appropriate procurement procedures are required



Growth and jobs: four key priorities






- Background
 - 1997 in EU (following the Amsterdam European Council Resolution on Growth & Employment)
 - 1999 in Candidate Countries; 2001 in other countries under mandate
 - Supporting EU & Member State policy
- Main objectives:
 - High quality standards
 - Efficiency in support of knowledge economy challenges
 - Equal access to all forms of education
- Signed loans for education projects:
 - 2000-2014: **EUR 31 bn**



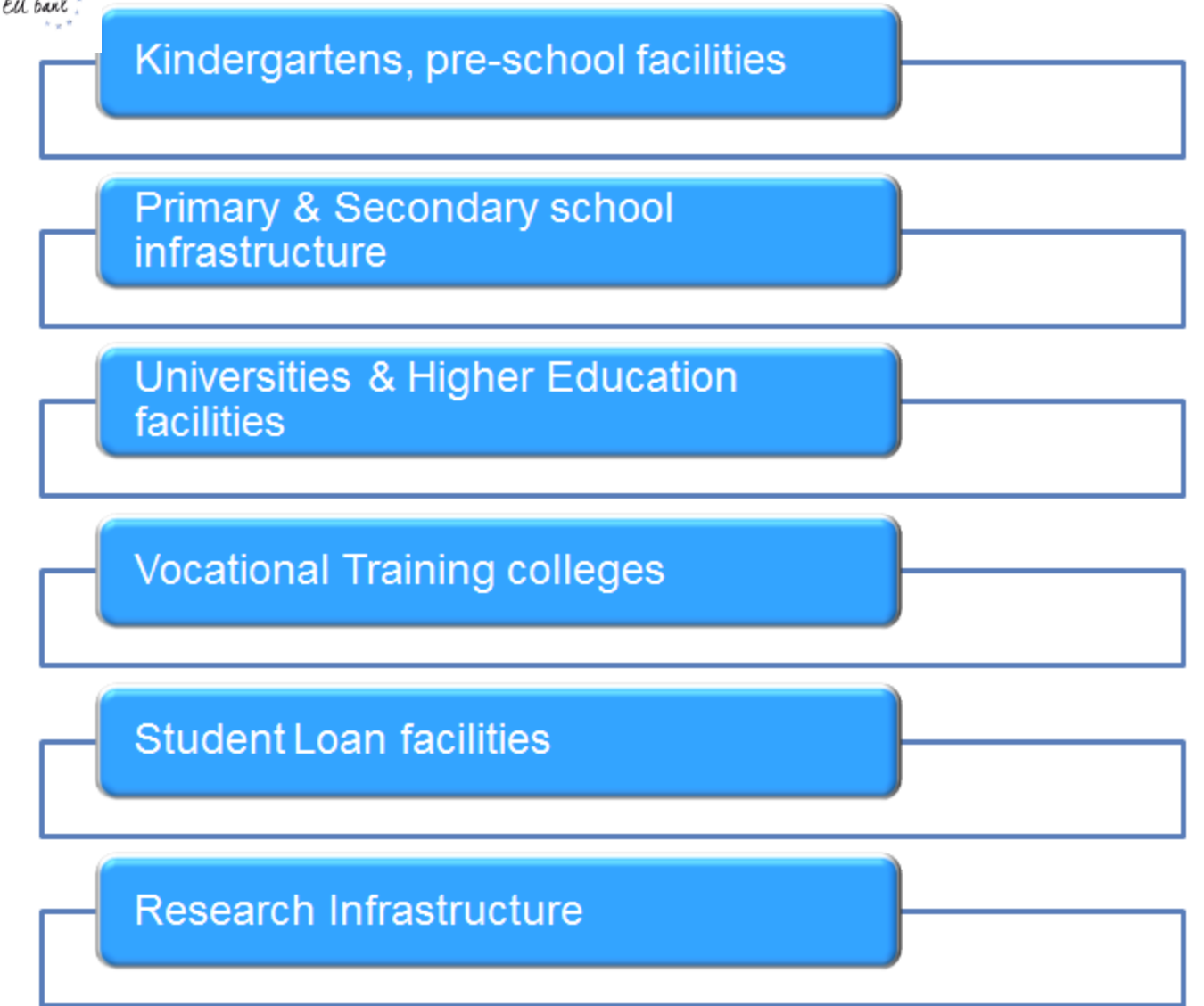
EIB consideration of Education projects



- Investment in education is essential for building up human capital
 - Consistency with education targets in **pre-school and compulsory education**
 - Priority given to projects pursuing **highest quality** in tertiary education and related basic research activity
 - Additional focus on:
 - Skills for current and future labour markets in the context of life-long-learning
 - Access to higher education and promoting the mobility of researchers and students
-  **Access, quality & sustainability**

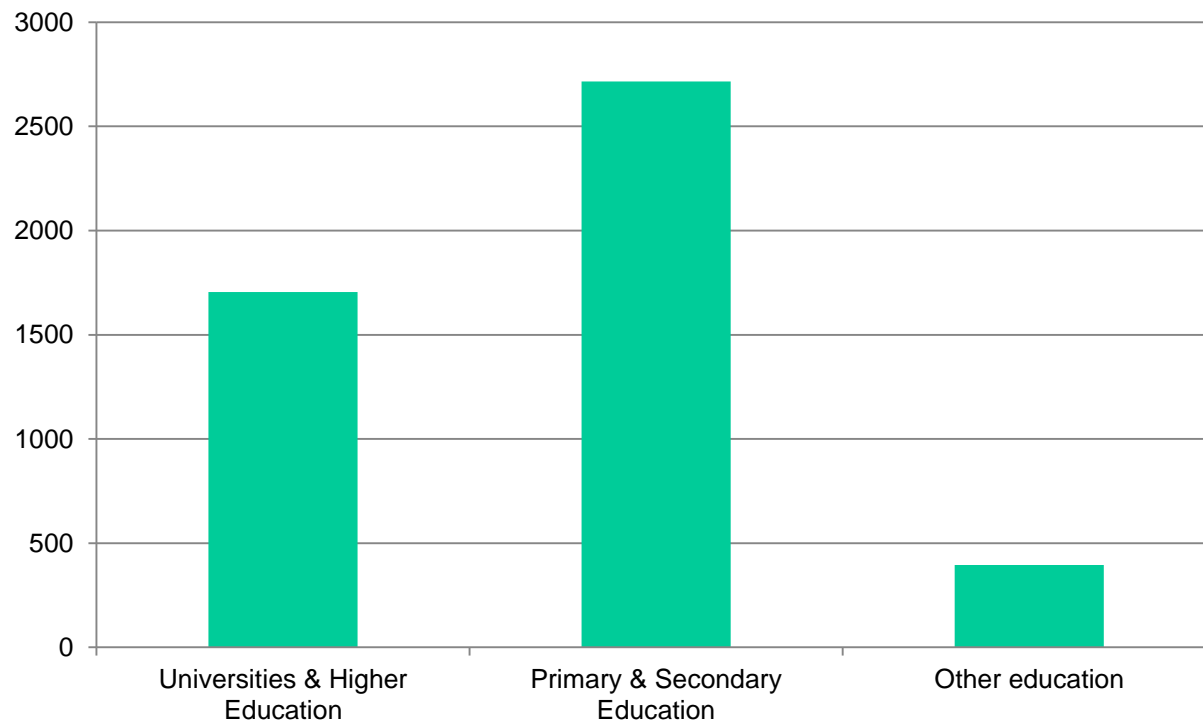


Education project range



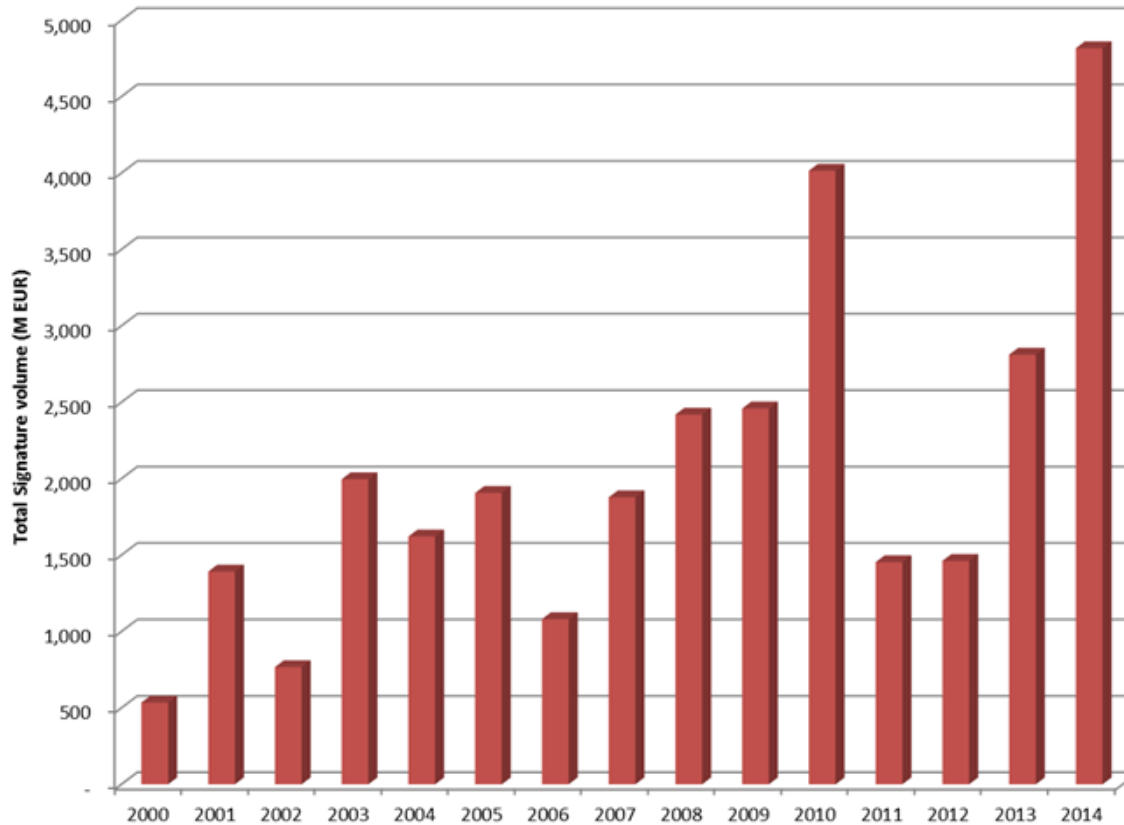


- Efforts to invest in better education and training are a top priority for EIB
- More than 20 in-house health & education specialists





Annual Lending for Education 2000-2014



Total over period:
31 bn

Geographically spread over EU member states, Balkans and FEMIP





***Lending for social challenges:
“Skills and Jobs - Investing for Youth”***

EU's response: the Youth Employment Initiative (YEI)

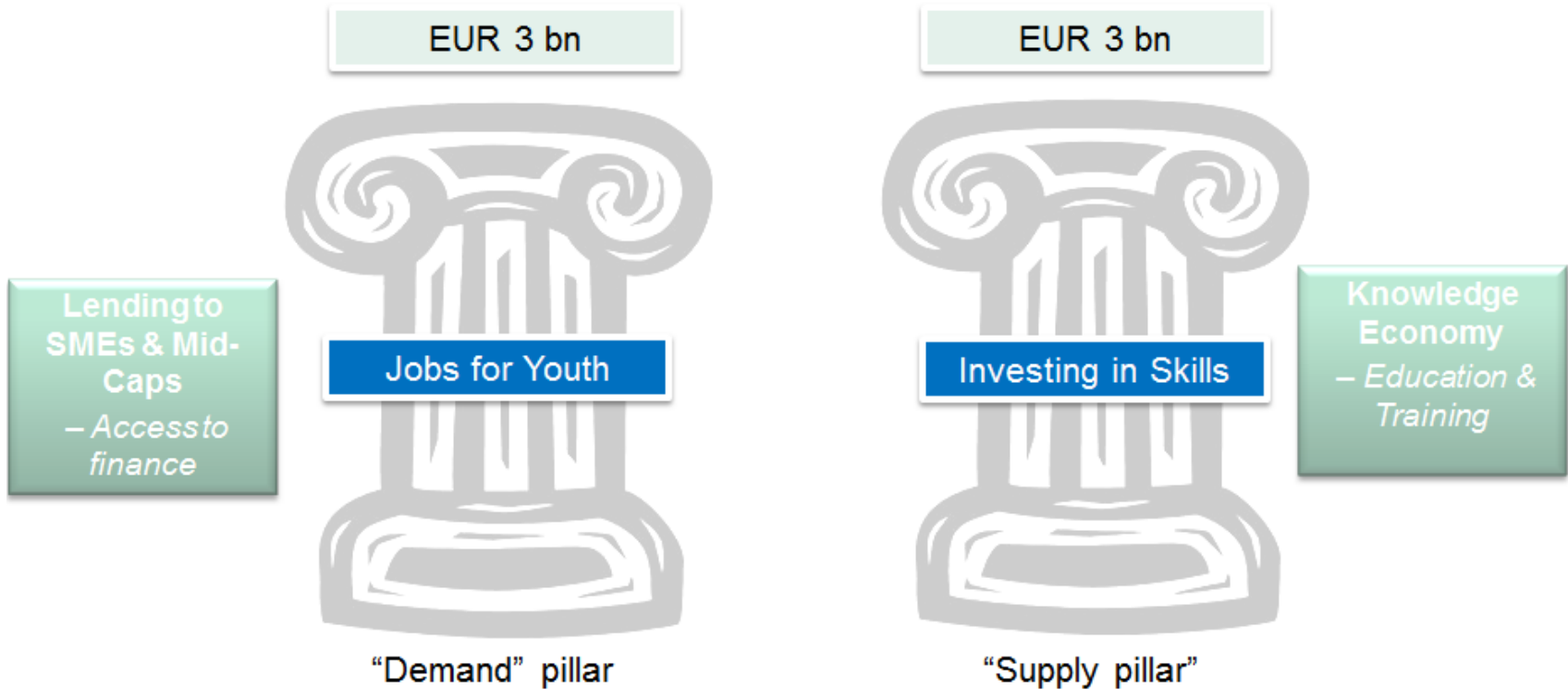


- The YEI supports **young people (15 – 25 years)** not in education, employment or training in regions with a youth unemployment rate **above 25%** (as at 2012)
- Main instrument: **Youth Guarantee**
 - Foresees that “*within four months of leaving school or becoming unemployed – young people up to the age of 25 years receive a good quality offer of employment, continued education, an apprenticeship or a traineeship*”
- Commission budget 2014 – 2020: **EUR 6 bn**
(of which ESF: EUR 3 bn)

EIB's response: the "Skills and Jobs – Investing for Youth" programme



Initial commitments: EUR 6 bn per year in 2013 & 2014





Investing in Skills



Infrastructure facilities

- Universities/research facilities
- Schools for upper secondary/tertiary education
- Social housing for students

Vocational training programmes

- Private & public sector promoters

Student loans & mobility programmes

- Student loans
- Mobility programmes for apprentices & young employees



Investing in Jobs



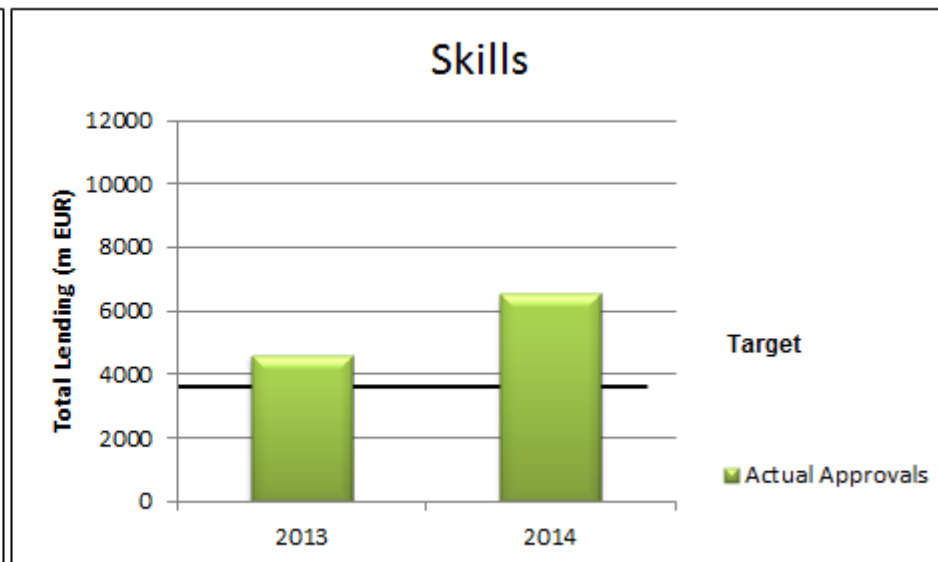
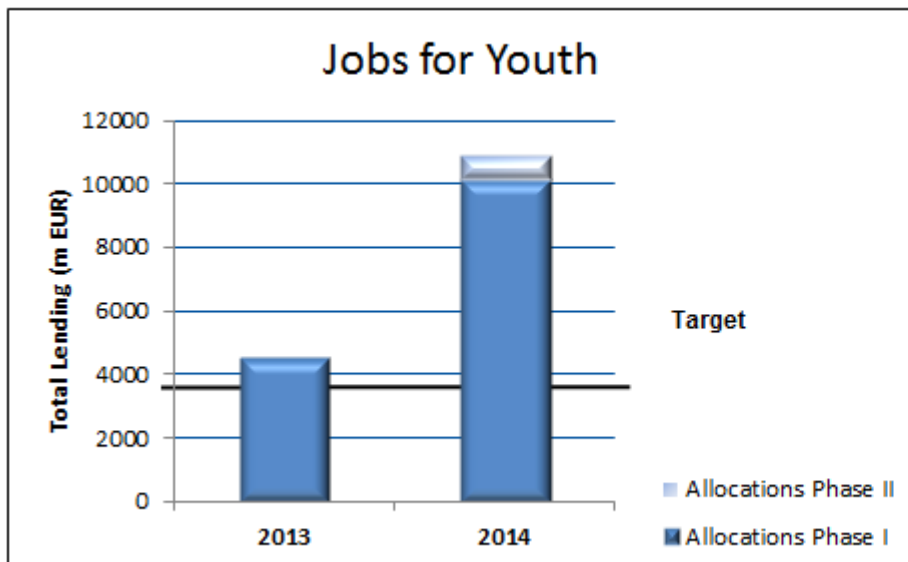
Loans to SMEs and Mid-Caps

- Phase I: >25% youth unemployment regions, standard loan pricing, no conditionality
- Phase II: Any region, advantageous loan pricing conditional on hiring young people or offering vocational training/apprenticeships/internships
- Phase III: Risk sharing with the financial intermediary (in partnership with the EIF)

EU and national/regional programmes aimed at reducing youth unemployment

- Bridge financing of EU contributions from the ESF
- Buildings and operational costs of Public Employment Services

EIB's response: What has been done so far?*



2013:

- Total lending: **EUR 9.1 bn**

2014:

- “Jobs for Youth”: **EUR 10 bn** allocated (+90 000 allocations supporting 3.2 m employees, of which 160 000 young employees)
- “Investing in Skills”: **EUR 4.8 bn** in signatures and **EUR 6.5 bn** of projects approved

*As of 31.12.2014

Looking at «supply response»: external review of EIB skills programme



- A consultant reviewed 56 operations (05/12- 04/14).
 - Out of which 48 are projects: with 46 infrastructure projects and 2 student loan projects.
 - 8 others are funding investments in companies, which included a workplace training or the hiring of young workers.
 - About **EUR 11.3 bn** were invested in educational infrastructure, of which EUR 351 m in VET facilities.
 - EUR 205 m invested in operational expenses of 3 private companies vocational training schemes



Evidence backs the «Skills for jobs» approach

- **Supporting schools** improves youth employment
 - Additional schooling improves youth's skills especially **at upper secondary level**
 - Better skills increases youth employment rates and wage earnings
 - Progress in literacy and numeracy would lead to more employment and income for youth
- **Supporting early work experience** improves youth employment
 - Early integration to the labour market improves productivity, earnings and employability
 - There are clear positive effects of work-based learning and apprenticeship
- Through its current interventions focused on: (i) school infrastructure and (ii) vocational training, **the EIB is indeed supporting** the acquisition of **skills** by youth and hence youth employment prospects



Work to improve effectiveness by:

- Making effective use of the broad scope of the ‘Investing in Skills’ pillar beyond supporting mere infrastructure investments
- Focusing more funding on skills and training, including particularly vocational programmes
- Expanding lending to teacher training and job search assistance
- Making project funding contingent on potential impact in areas of concern in terms of youth labour markets
- Expanding monitoring system and developing a “Youth Employment Impact Assessment”
- Gathering more up-to-date data on Youth Unemployment



- Education sector is a more recent activity of the EIB
- Need of PSPB to act at short notice on highly important political and economic issues
- Need to refocus attention in its operations
- Set targets and make sure first targets are achieved
- Exploring additional avenues to fight social challenges remains paramount



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