

Financing adult learning database

Name of the instrument - Local language	Õppelaen
Name of the instrument - English translation	Study loan
Scheme ID	69
Country	 Estonia
Reporting year	2020
Type of instrument	Loan
Sub-type of instrument	Loan for HE expanded to adults
Type of entry	Single instrument
Short description	<p>An applicant meeting predetermined criteria (i.e. persons studying full-time or part-time for 6 months or more at post-secondary or tertiary level, including studies abroad) can apply for a student loan. The maximum amount of study loan is EUR 2 500 per year. The loan system is financed through public funds and private commercial banks. The loan is disbursed each calendar year and is directly transferred to the loan taker with no risk assessment applied. The interest rate of the loan is variable (according to Euribor fluctuations), however, it cannot exceed 5% for the borrower. If the interest rate exceeds 5%, the State pays the margin to the commercial lender. The interest rate applies to all borrowers. The payment period of the interest starts after or during graduation. The State compensates interest rate in cases if the borrower performs military service, or is a single parent with a child who is younger than three years old. The State also pays an interest rate for a resident physician until the completion of residency. The repayment of the loan starts 12 months after graduation or during studies. The maximum period over which the loan should be repaid is 20 years. The loan repayment can be forgiven for civil servants and employees of central or local government institutions or legal persons in public law (e.g. universities) who have been working there a minimum of 12 months and completed their studies before 1 July 2019; for persons who have a disability or takes care of her/his child having a disability.</p>
Level of operation	National

Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable
Relevance	Key instrument
Legal basis	Study Allowances and Study Loans Act
Objective(s) and target(s)	Based on the Study Allowances and Study Loans Act 2003 (§1): to ensure access to vocational education and higher education and motivate pupils completing vocational education (hereinafter pupils) and students acquiring higher education (hereinafter students) to study full time and successfully and to complete the curriculum in the nominal period.
Year of implementation	2003
Year of latest amendment	2019
Operation/management	Study loans are guaranteed by the government and are disbursed by commercial banks. The operational cycle is one year. Ministry of Education and Research is the coordinating authority, as it controls the coordination between the commercial banks and loan takers. The Ministry of Finance and the Social Insurance Board are also involved.
Eligible group(s)	Estonian citizens or a person staying in the Republic of Estonia on the basis of a long-term/permanent residence permit, following a study programme of at least 6 calendar months (9 months before 01.09.2013) and: 1. Enrolled in full-time study at an Estonian university, at an institution of professional higher education or at a vocational educational institution or is studying abroad at an educational institution and in a form of studies similar to those (§15.1-2). . A pupil having acquired secondary education studying according to a curriculum of formal vocational education at an Estonian vocational educational institution or at an institution of professional higher education (amendment since 1.09.2013). 3. Is studying abroad at an educational institution and in a form of study similar to those specified above. 4. Acquires higher education in part-time study pursuant to a teacher training programme at a university in public law, a state institution of professional higher education, a private university or a private institution of professional higher education and is employed as a teacher or educator or in another field of schooling and education for a minimum of eighteen hours per week
Group(s) with preferential treatment	The State pays to the commercial bank the interest payable in some cases (§18 Study Allowances and Study Loans Act): 1. During compulsory military service.2.

	During parental leave (up to 3 years) for one parent.3. For a resident physician until completion of residency.
Education and training eligible	Full-time studies (incl. studies abroad) of 6 months or more (9 months before 01.09.2013) leading to a formal qualification (of ISCED 2-8 level)
Source of financing and collection mechanism	The sources of funding are commercial banks, individuals (future income) and the State. The State finances the loan system indirectly. The State provides the framework conditions for the loan system (i.e. eligibility criteria for applicants, the maximum amount of a loan granted per year), sets up a general interest rate and alleviations/grace periods, provides targeted support (i.e. paying interest rate for specific targets groups), loan guarantees (e.g. the state secures financial obligations of individual borrowers before financial lenders), and monitors/evaluates the implementation of the loan mechanism. Commercial banks (private) provide loan funds directly to individual borrowers based on the framework conditions set up by the government.
Financing formula and allocation mechanisms	The maximum amount of loan is 2 500 a year. The loan is disbursed each calendar year and is directly transferred to the loan taker. The interest rate of the loan is variable (according to Euribor fluctuations), however, it cannot exceed 5% for the loan recipient. If the interest rate exceeds 5%, the State pays the margin to the commercial lender. The interest rate is common to every group of loan receivers. The state compensates interest rate in cases if the loan taker performs military service, or is a single parent for a child who is younger than three years old. Also, the state pays an interest rate for a resident physician until completion of residency. The repayment of the loan starts 12 months after graduation or during studies. The maximum period over which the loan should be repaid in 20 years. The loan repayment can be forgiven for civil servants and employees of central or local government institutions or legal persons in public law (e.g. universities) who have been working there a minimum of 12 months and completed their studies before 1 July 2019. Also, for persons who have a disability or takes care of her/his child with a disability.
Eligible costs	Tuition fees
Volumes of funding	The amount of study loans disbursed by commercial banks during 2017-2019 is EUR 13 400 000 in total. The public guarantees paid during 2017-2019 EUR 600 000 in total. There is no information on the volume of repayments made as this is private data owned by commercial banks. Neither there are data on public funding credit defaults.
Beneficiaries/take up	Total take-up during 2017-18 and 2019/20 academic years is 6 225 beneficiaries. Out of it, 16 (ISCED 0-2); 730 (ISCED 3-4) and 5 506 (ISCED 5-8).
Organisation responsible for monitoring/evaluation	Ministry of Education and Research
Monitoring/evaluation	Not available

reports available	
Most relevant webpage - in English	https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/513012015002/consolidated-act/ ; https://www.hm.ee/en/activities/higher-education/study-allowances-and-scholarships/
Most relevant webpage - local language	https://www.riigiteataja.ee/akt/619566?leiaKehtiv ; https://www.hm.ee/et/tegevused/korgharidus/oppelaen
Recent changes	<p>The max annual study loan amount was set as 2 500 per applicant. Each year the maximum rate (per applicant, per a year) of the study loan is decided by announced by the government (no later than 1 July). As the cost of living increases, the maximum amount was increased from 2 000 to 2 500 in 2019.</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	<p>the Ministry of Education and Research</p> <p>consolidated texts of English translations of Estonian legislation</p>