Statistical Yearbook 2020

Brussels, June 2021

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I Foreword

The year 2020 marks the beginning of the Covid-19 pandemic accompanied by a deep economic recession. As the coronavirus started to spread over Europe in early 2020 and most European governments closed down public life (shops, restaurants, cafés, transport, services, etc.) in an attempt to limit the spread of infections, **guarantee institutions all over Europe and beyond reacted in no time and set up extensive support measures for SMEs** that are strongly hampered in the pursuit of their business activities.

SMEs are at the epicentre of the economic consequences of the pandemic. They are (in some sectors more than in others) the most vulnerable part of the business structure and at the same time they are vital for a healthy recovery. **Guarantee institutions demonstrated throughout the year 2020 that they are close partners of SMEs and therefore an indispensable part of the policy mix in the fight against the economic and social consequences of the crisis**. This is not only thanks to the **resource-efficient and risk-mitigating nature of the guarantee instrument** but also the result of the **longstanding intense relation with SMEs** and SME organisations.

A comprehensive overview of the support measures adopted by AECM members can be found in the AECM brochure: SME support in the covid crisis – the role of Guarantee Institutions.

The publication of this year's edition of the **AECM Statistical Yearbook** is of particular interest since it reveals the numbers behind the massive support measures implemented by guarantee institutions.

According to the AECM Scoreboard survey, the outstanding guarantee volume with regard to guarantees originated from and implemented by AECM members skyrocketed. **Over the year 2020, we observed an increase of almost 200% reaching a record amount of bEUR 330.3**. It is important to note that large parts of this increase are fully counter-guaranteed by the respective governments.

This impressive rise in the outstanding guarantee volume is of course the result of an immense increase of the volume of newly granted guarantees. **Guarantee institutions multiplied by 7 their new production of 2019 reaching the amount of bEUR 279.2**.

The number of SMEs benefitting from support by AECM members strongly increased as well (+80.9%). **As of end-2020, 5.2 million small and medium-sized enterprises were in the portfolio of AECM members**.

More details on the results of the AECM Scoreboard are delivered in section III.

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The results of our Guarantee Activity Survey show that the **vast majority of AECM members (75.7%)** - in accordance with their expectations of last year - **observed an increase in their guarantee activity**. The percentage of members that expect further increases in 2021 is much lower (55.3%).

The detailed analysis of the results can be found in section IV.

The spring 2021 economic forecast of the European Commission reflects the massive contraction of the European economy due to the Covid-19 crisis and the overall uncertainty. **In 2020, the EU gross domestic product plummeted by 6.1%**. The European economy is expected to rebound with a **GDP increase of 4.2% in 2021 and 4.4% in 2022**. Of course, these predictions are still subject to high uncertainty. The 2020 shock was unevenly distributed over Europe with the worst decreases of -8.0 to -10.8% in Mediterranean countries to an increase of 3.4% in Ireland. The recovery is expected to be more uniform with growth rates ranging from 2.3% to 6.8% in 2021 and 2022.

As EU governments were financing large support measures, their budget balances deteriorated significantly, in the EU on average by 6.9%. The deficit is expected to be even higher in 2021 with 7.5%. The EU unemployment rate increased to 7.1% and is expected to hit its peak of 7.5% in 2022 before lowering back. Of course, the rise in unemployment would have been much larger in absence of numerous governmental measures to support employment. EU inflation was only 0.7% in 2020 and is expected to pick up in 2021 reaching the ECB's objective of an increase in the consumer prices of slightly less than 2%.

Thanks to the multiple government interventions, the business bankruptcy rate did - according to Eurostat data - not soar during the crisis as one could have expected them to do, but rather even hit an all-time low in the second quarter of 2020. Since then, the rate is increasing, and it will depend on the further course of the pandemic as well as on the design of further support measures whether an insolvency wave can be prevented.

This publication will inform you about the development of AECM's membership base (section II), most recent developments in the European guarantee sector (sections III and IV), about expectations for the future development of guarantee institutions' activities (section IV) as well as about recent research on the impact of guarantee schemes (section V). The methodological and editorial note (section VI) as well as the glossary and the "about us" page offer complementary information on this publication.

We wish you a pleasant reading !

Your AECM team

Brussels, June 2021

II AECM members

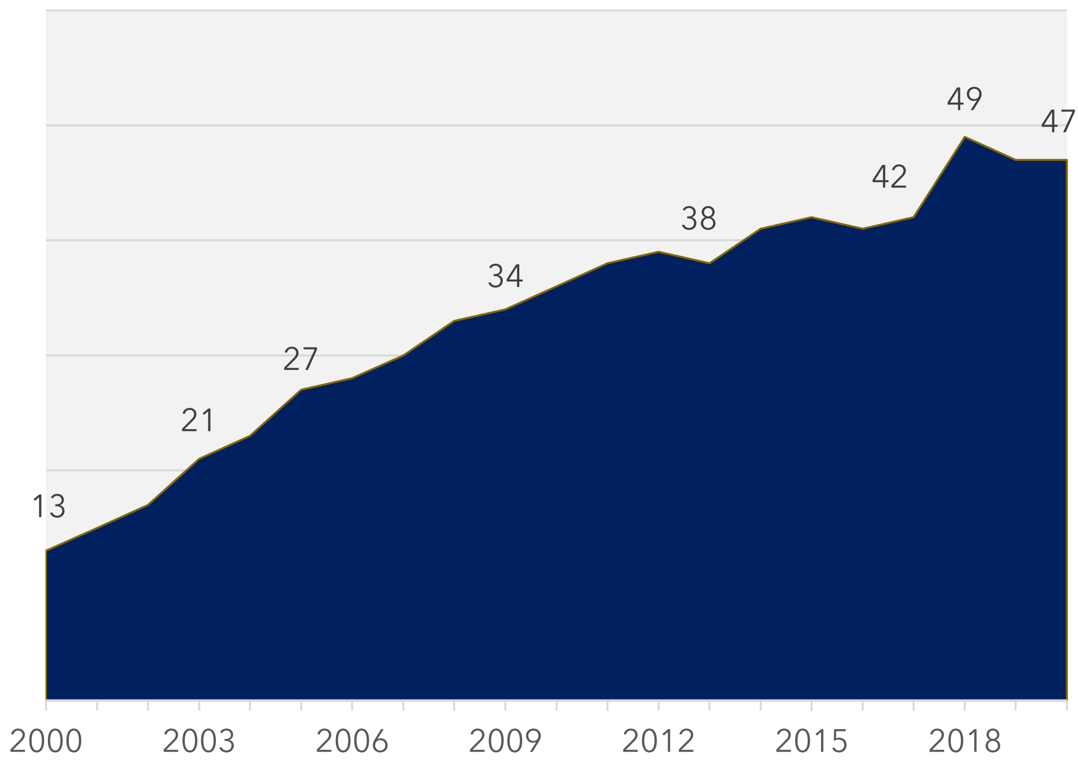
During the year 2020, AECM welcomed the Malta Development Bank (MDB/MT) as a new member. To our great regret, IAPMEI/PT left the association. The number of members therefore remained stable at 47. Furthermore, AECM gained a new partner in 2020, the SME Finance Forum of which AECM is a partner itself.

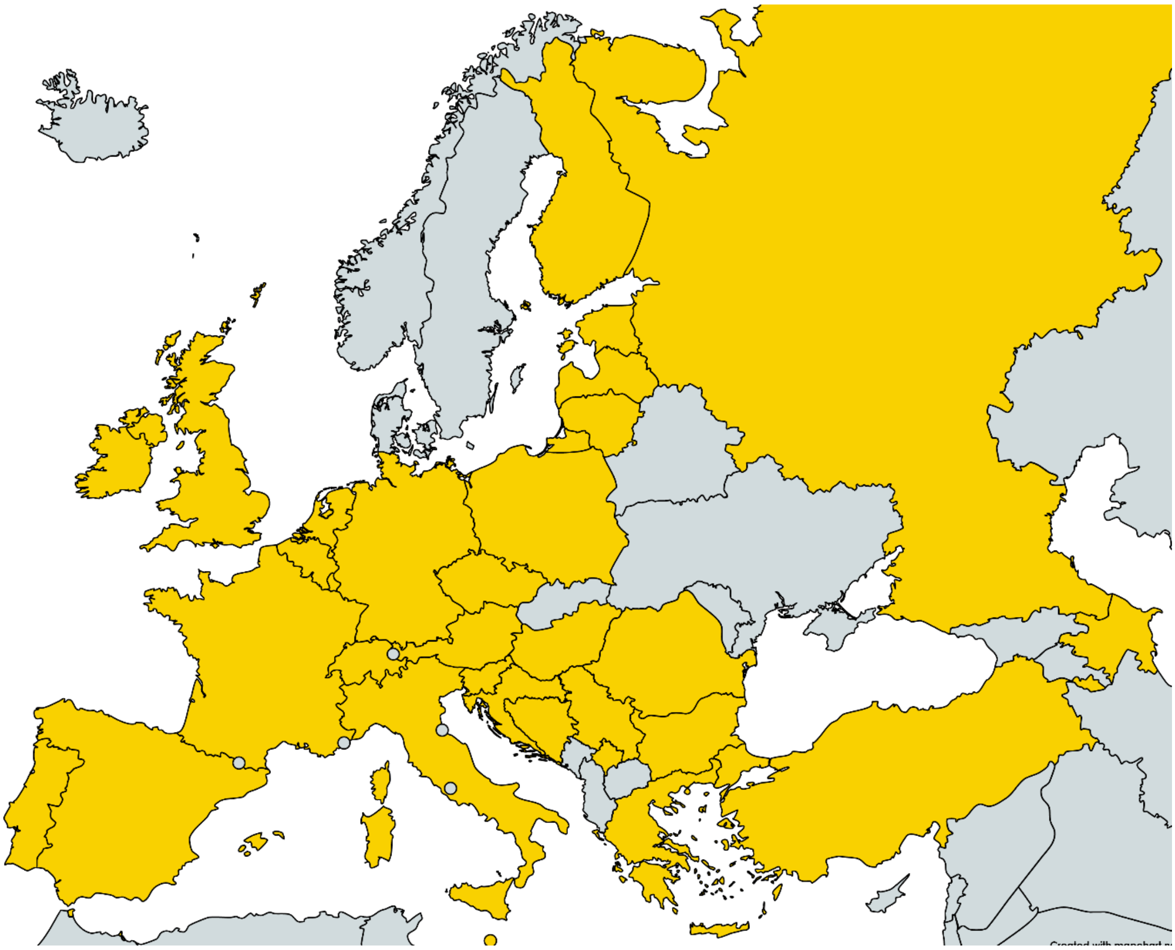
Our Portuguese member SPGM, merged in 2020 with Instituição Financeira de Desenvolvimento (IFD) and PME Investimentos to become the new Portuguese Development Bank (Banco Português de Fomento, in the following referred to as BPF).

In 2021, before the publication of this edition, the Network of Swiss Guarantee Institutions (NSGI/CH) joined AECM as a full member extending AECM's membership base to a 31st European country. Moreover, the Euro-Mediterranean Guarantee Network joined as AECM's third partner.

The development of the membership base can be seen in graph 2.1 below. A detailed timeline of accession dates is available on our website under this link. A list of all current 48 members (as of 06/2021) and a map can be found on the next page.

Graph 2.1 : Development of the number of AECM members at year-end





AT	aws NÖBEG
AZ	MCGF
BE	Fonds Bruxellois PMV/z Waarborgen SOWALFIN
BA	GF Srpska
BG	NGF MGFSME
HR	HAMAG BICRO
CZ	CMZRB
EE	KredEx
FI	Finnvera
FR	Bpifrance EDC SIAGI SOCAMA

DE	VDB
GR	HDB TMEDE
HU	AVHGA Garantiqa MVA
IE	SBCI
IT	Assoconfidi ISMEA
XK	KCGF
LV	ALTUM
LT	Garfondas INVEGA
LU	MC MPME
MT	MDB
NL	RVO

PL	BGK
PT	BPF
RO	FGCR FNGCIMM FRC
RU	FSECA
RS	GF Vojvodina
SI	SEF SRDF
ES	CESGAR
CH	NSGI
TR	KGF TESKOMB
UK	BBB

AECM members as of June 2021

III Scoreboard Survey

i. Recent Developments – 2020

Total outstanding guarantee volume

bEUR 330

Number of supported SMEs

5.2 million

The average guarantee size

kEUR 55

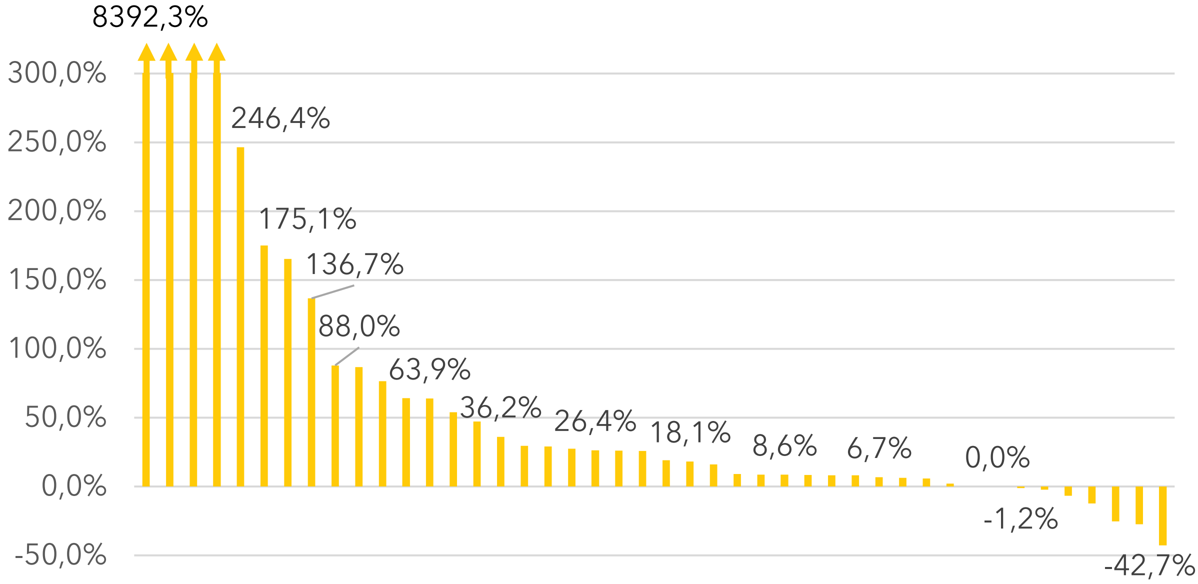
Outstanding Guarantee Volume

According to our Scoreboard Survey, AECM members, taken as a whole, experienced an explosion of guarantee volumes caused by the roll-out of extensive support programmes for small and medium-sized companies. **AECM member organisations all together were supporting SMEs with a total amount of bEUR 330.3 of guarantees in 2020**. Compared to the year 2019, this represents an **increase of 199.5%**.

While a majority of members registered significant increases of their portfolios, more than half of the increase is attributed to Bpifrance/FR, the implementing institution of the French government's PGE (prêt garanti par l'Etat) programme. British Business Bank contributed more than a quarter of the increase thanks to its role as implementer of the extensive support programme set up by Her Majesty's Treasury (HMT).

The increase of the outstanding guarantee volume was strongest during the first semester 2020 (+135.2%), followed by a rise of 27.3% over the second semester. Over 2020, 35 members experienced an increase of their volumes and seven members had a decrease. The average annual growth rate was 389.6% (strongly biased by enormous growths rates of some members) and the more expressive median growth rate was at 22.5%.

Graph 3.1 : Distribution of growth rates



The highest percentual year-by-year increases were registered by BBB/UK (+8,392.3%), HDB/GR (+5,102.2%) and FNGCIMM/RO (+1,482.2%)[1]. The strongest absolute increases could be observed for volumes of Bpifrance/FR (+bEUR 129.6), BBB/UK (+bEUR 56.9), KGF/TR (+bEUR 7.3) and BPF/PT (+bEUR 6.2).

Following the peerless increase of its volumes, Bpifrance/FR has become AECM's largest member in terms of outstanding guarantee volume, followed by BBB/UK and KGF/TR.

The average outstanding guarantee volume increased by 186.7% to bEUR 7 and the median outstanding guarantee volume increased by 18.3% to mEUR 351.6.

We asked our members to distinguish the part of the outstanding guarantee volume that covers working capital loans and the part that covers investment capital loans. 27 out of 39 respondents - representing 15.8% of the volume – reported on this distinction. As a result, 53.1% of the distinguished volume covered investment capital loans (86.3% in 2019) and the remaining 46.9% covered working capital loans (13.7% in 2019). This points to a significant shift towards working capital reflecting the difficult situation of crisis-torn SMEs.

Some AECM members specified in their responses to our Scoreboard Survey which are the drivers behind the development of their respective outstanding guarantee volumes. These are presented in the following:

- **aws/AT** informed that Covid-19 bridge financing represents 68.8% of its outstanding guarantee volume.

[1] As in the case of Bpifrance and BBB, the volume increase of FNGCIMM resulted from the implementation of an extensive government programme. The increase of the HDB volume was strongly supported by state and ERDF resources.

- In Croatia, **HAMAG-BICRO** observed a significant increase of the share for working capital in 2020.
- **TMEDE/GR** reported that during 2020, the volume of performance guarantees has become stable and it is expected that this will generate recurring revenues in the long-term in accordance with TMEDE's strategy.
- The main reason for the huge increase of the outstanding guarantee volume of **Garantiqa/HU** is the roll-out of its Crisis Credit Guarantee Programme (hereinafter: crisis guarantee) with very favourable conditions that was launched in May 2020. The largest portion of the programme goes to SMEs, but guarantees for large companies are also possible. The guarantee demand has shifted to crisis guarantees which means that the portfolio of other (state and EU) counter-guarantees remained unchanged between 2019 and 2020. In the case of crisis guarantees, more types of guarantee products were integrated into an automated process.
- The outstanding guarantee portfolio of **KCGF/XK** continued to grow consistently over 2020. The flow of the positive development that has started in the first quarter of the reporting year was stopped by the pandemic situation and the lockdown that occurred starting in March 2020. However, the third and fourth quarters marked an increase in disbursements of loans guaranteed by KCGF.
- Our Maltese member **MDB** informed us that the outstanding guarantees are predominantly driven by the Covid-19 Guarantee Scheme launched in April 2020.
- The dynamic increase in sales by **BGK/PL,** both, year-over-year and compared to the first half of 2020, is the result of increased demand for guarantees as a measure to mitigate the impact of the Covid-19 pandemic, as well as more attractive terms of the existing guarantee offer and new guarantee products specifically tailored for the response to Covid-19.
- The increase observed in the guarantee portfolio of **BPF/PT** arises from the Covid-19 economy response, i.e. as a consequence of the Covid-19 credit lines that were launched over the year 2020.
- **FNGCIMM/RO** reported on a decrease of the volume of its standard guarantees granted in 2020 compared to the previous year through the Start-up Nation second stage programme. An indirect cause is the fact that in 2020, in the context of the economic situation generated by the manifestation of the Covid-19 pandemic, banks preferred to access the guarantees granted through the SME Invest Programme (state guarantees) and less the guarantees granted from the Fund's own sources (state guarantees offering a better credit risk protection).

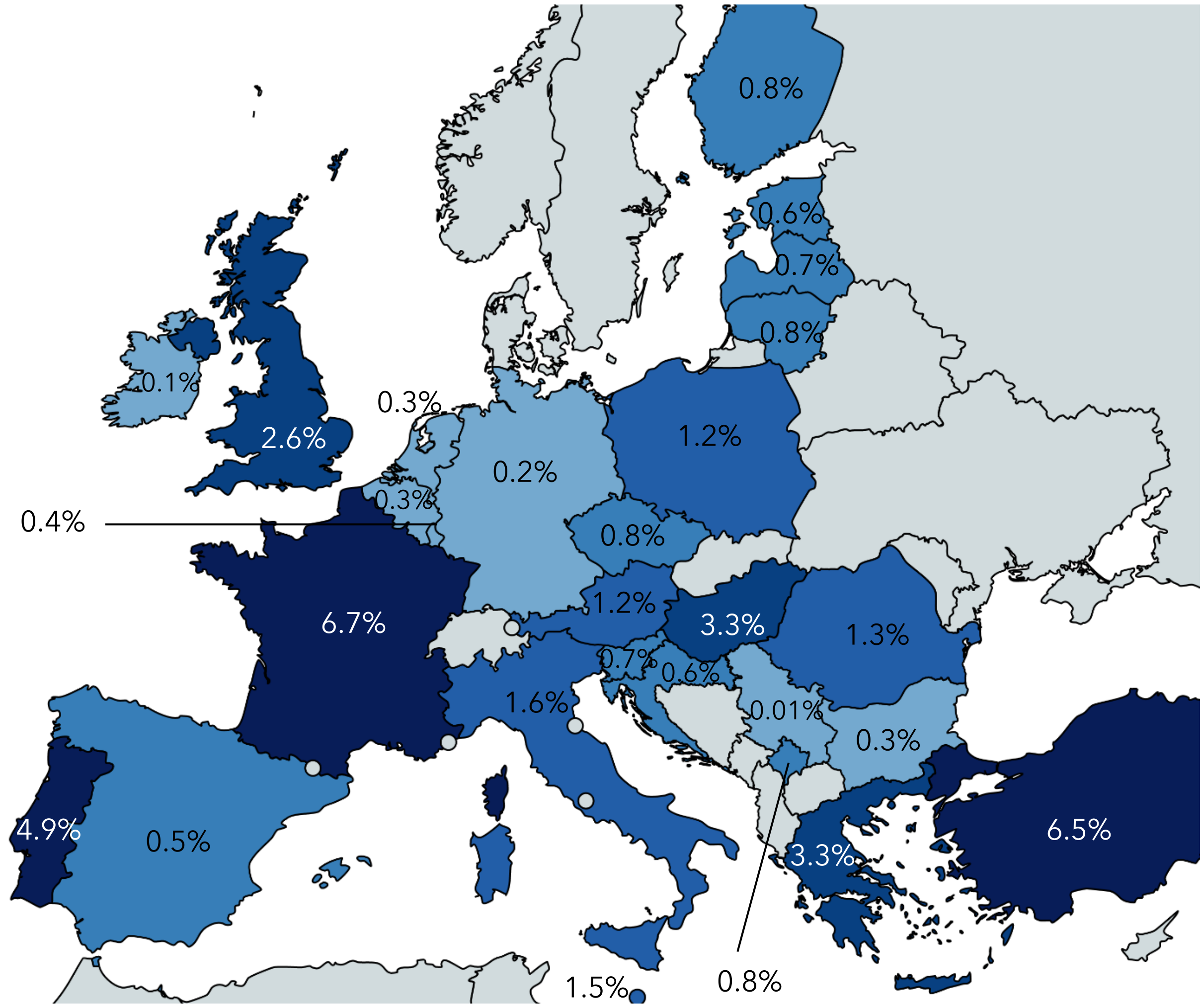
- **SEF/SI** confirmed that the rise in its outstanding guarantee volume resulted from the emission of Covid-19 guarantees.
- **SRDF/SI** closed its guarantee scheme in 2018 for legal reasons and since then has not issued any new guarantees. This is the reason for the decrease in the outstanding guarantee volume.

Share of GDP

In an attempt to measure the relevance of AECM members' activity for their respective national economy, we calculated the percentage of the outstanding guarantee volume as share of GDP. As in almost all AECM countries the GDP was decreasing and guarantee volumes were largely increasing, the shares are substantially higher than last year. We observe the highest share with 6.7% in France (up from 0.9%), followed by 6.5% in Turkey (up from 5.1%), 4.9% in Portugal (up from 1.8%) and 3.3% both, in Greece and in Hungary (up from 0.5 resp. 2.1%). **The share of the overall AECM members' outstanding guarantee volume in the GDP of AECM countries increased from 0.7% in 2019 to 2.2% in 2020[2].** The map below illustrates the results for the individual countries.

[2] Since at the moment of editing this report, Eurostat did not provide any GDP data for Azerbaijan, Bosnia and Herzegovina as well as for Russia, we could not calculate this ratio for these three countries.

Graph 3.2 : Intensity map – share of outstanding guarantee volume in GDP



Number of outstanding guarantees

As the volume, also the number of outstanding guarantees increased significantly, but much less strongly than the volume. **At the end of 2020, AECM members had slightly more than 6 million guarantees in their portfolios**, which is 76.3% more than in 2019.

The strongest expansion, both in percentual and in absolute terms, occurred in the UK (+17,112.1%; +1.49 million units). The highest number of outstanding guarantees is now held in the portfolio of BBB/UK (1.49 million units), followed by Bpifrance/FR (1.03 million units) and KGF/TR (0.85 million units).

The average amount of outstanding guarantees significantly picked up and reached a level of around kEUR 55. The highest average amount could be observed for MDB/MT with kEUR 327.3. The lowest average guarantee amount is in the portfolio of SOCAMA/FR (kEUR 8.2). Graph 3.4. on page 14 gives an overview of average guarantee sizes per investment type and distinguished by stock and flow.

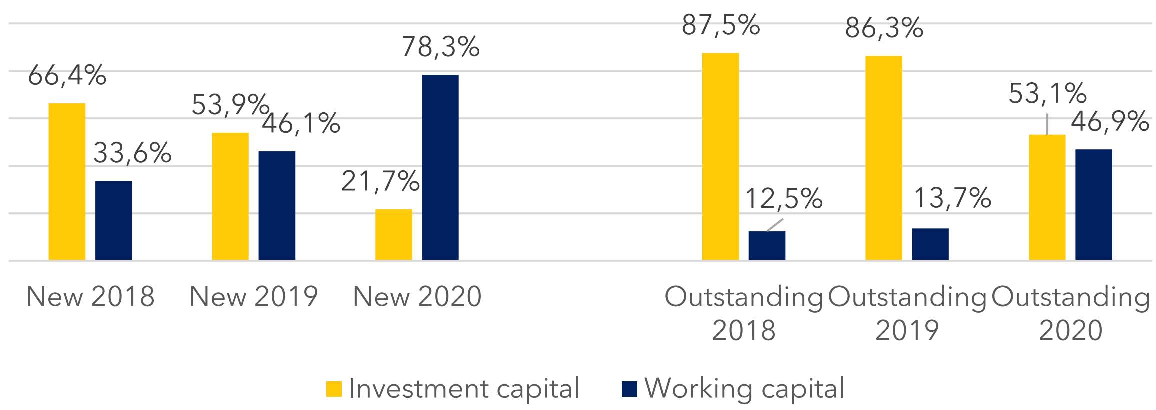
It is interesting to see that the development of average guarantee sizes is not uniform across AECM members. While it strongly increased e.g. for Bpifrance/FR (from kEUR 41.9 to 142.6) and HDB/GR (from kEUR 34.1 to 263.6), guarantees granted by BBB/UK and by MC/LU decreased significantly in their average size (from kEUR 78.1 to 38.5 resp. from kEUR 31.6 to 17.2). Other members range in between.

Volume of newly granted guarantees

The volume of newly granted guarantees multiplied by the factor 7.2 and reached the highest ever registered level of new production of guarantees, bEUR 279.2. 61% of the new production was generated during the first semester immediately after the outbreak of the covid crisis. The highest absolute year-to-year increases of the new guarantee volume with respect to 2019 were registered by Bpifrance/FR thanks to its role as the implementing body of the governmental PGE programme (+bEUR 131.2), BBB/UK as implementer of HMT's covid support programme (+bEUR 72.2), and KGF/TR (+bEUR 10.7).

Concerning the distinction between guarantees for working capital and for investment capital loans, it can be observed that for the newly granted guarantees the share of working capital is substantially higher than for outstanding guarantees. This trend toward more working capital coverage already started before the outbreak of the crisis but it is of course strongly pushed by the economic consequences of the pandemic. With 25/39 members reporting on the distinction – accounting for 12.4% of the total volume of newly granted guarantees – a share of 21.7% (after 53.9% in 2019) covers investment capital loans whereas a share of 78.3% (after 46.1% in 2019) covers working capital loans.

Graph 3.3 : Development of the share of working/investment capital guarantees



The share of newly granted guarantees in the total volume of guarantees in portfolio reached its highest ever registered ratio of 84.5%, well above the usual level of around 1/3. Four members even registered ratios above 100% (MC/LU, BGK/PL, BBB/UK and FNGCIMM/RO[3]), pointing to the fact that some newly granted guarantees already expired before year-end.

A few members commented on the development of newly granted guarantees:

- **PMV/z Waarborgen/BE** informed us that the increase of new production is based to the fact that banks are willing to take less risk and as a result more often request a government guarantee.
- **Finnvera/FI** reported that in H2/2020, the demand for guarantees was not as high as it was during H1/2020. The reduced demand is explained by direct grants to Finnish companies provided by other governmental organisations.
- **VDB/DE** observed an increase of the volume of newly granted guarantees both with respect to H2/2019 and to H1/2020. According to VDB, more and more companies needed financial support. German guarantee banks benefit from an extended counter-guarantee by the state.
- Thanks to the crisis guarantee, **Garantiqa's/HU** portfolio has grown exponentially. Several factors played a role in the growth of the volume of newly granted guarantees : 1) the increased demand, 2) the higher (90%) guarantee rate and 3) the state support to the guarantee fee under the regime of the EU Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak[4].
- In **Kosovo**, the volume of newly granted guarantees by **KCGF** continued to grow during the second semester of 2020. The third and fourth quarters marked an increase in disbursements of loans guaranteed by KCGF. This growth was driven by the pro-activeness of the banking sector in Kosovo that continued to provide urgently needed lending to the economy, and by the strong commitment of KCGF that has continued to maintain open lines of guarantees throughout the recent crisis.
- **ALTUM/LV** observed that banks became more cautious which consequently resulted in an increased demand for its guarantees.

Number of newly granted guarantees

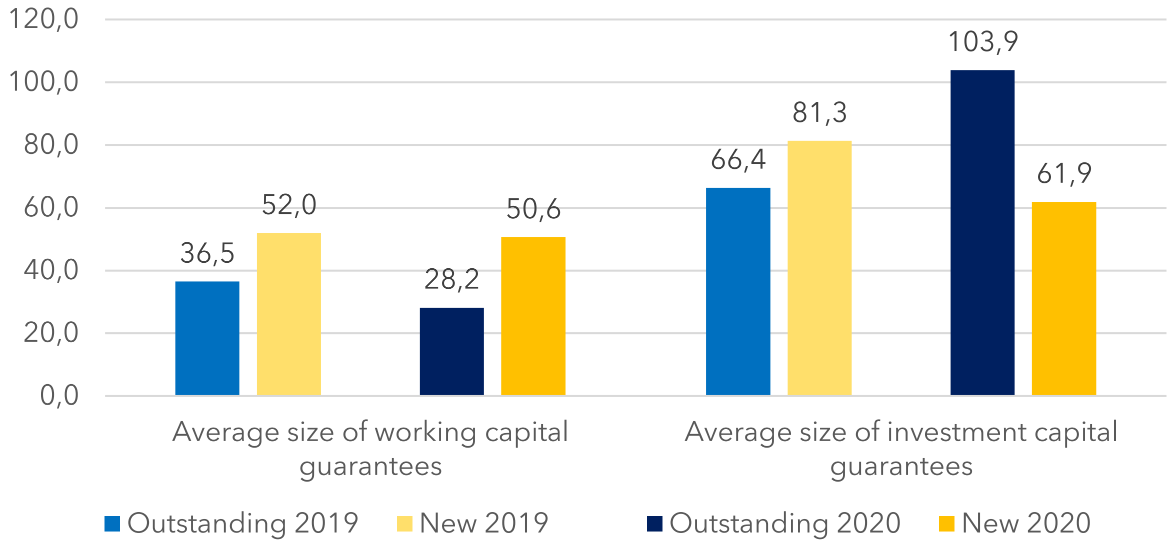
Finally, we have a look at the number of newly granted guarantees. We can observe a **strong increase of 253.2% in 2020 reaching the amount of nearly 3.7 million units**.

Since the growth in volumes was much higher than the growth in numbers, the **average size of new guarantees increased substantially to kEUR 76.3**, up from kEUR 37.1 in 2019.

A look at the average sizes of investment and working capital guarantees reveals that outstanding investment capital guarantees are the biggest in size and outstanding working capital guarantees are smallest in size (see graph 3.4).

[3] In the case of FNGCIMM/RO, the registered ratio above 100% regarding newly granted guarantees is due to the implementation of the government programme IMM Invest Romania.
[4] Cf. https://ec.europa.eu/competition-policy/state-aid/coronavirus/temporary-framework_en

Graph 3.4 : Average size of working and investment capital guarantees (in kEUR)



Graph 3.4 is to be treated with caution since the distinction between working and investment capital guarantees is reported only by a bit more than half of AECM members. Several large AECM members are not covered.

Number of supported SMEs

The **number of SMEs supported by AECM members skyrocketed in 2020 reaching a level of almost 5.2 million (+80.9%)**. The highest increases over the past year were registered by BBB/UK (+1.4 million), Bpifrance/FR (+541,000) and KGF/TR (+93,000). The same members hold the largest SME portfolios.

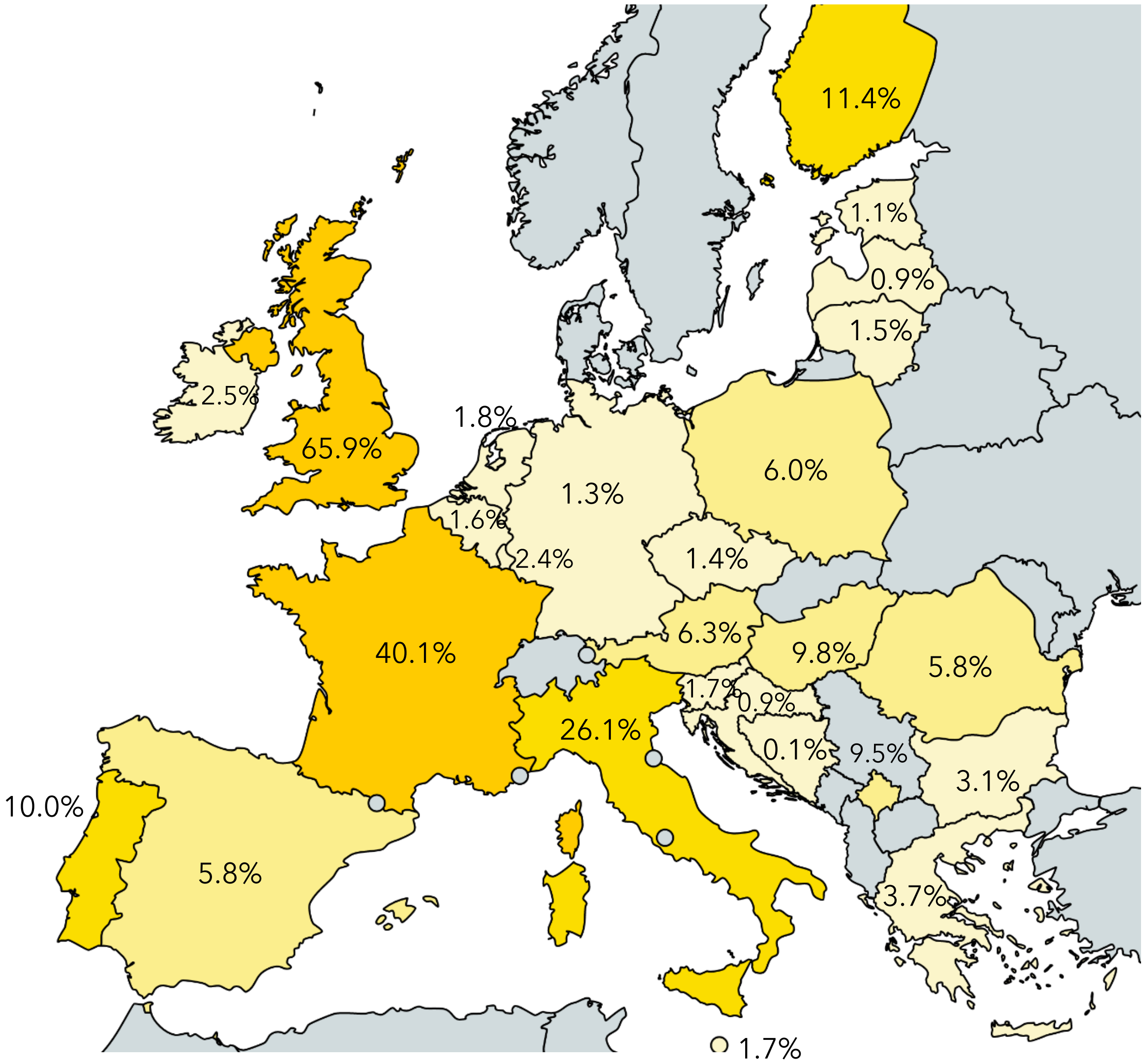
Number of newly supported SMEs

In parallel to the strong increase of the number of newly granted guarantees, the **number of newly supported SMEs increased significantly over the previous year (+327.3%) to reach the level of almost 3 million**. The strongest absolute increases were registered by BBB/UK, Bpifrance/FR and TESKOMB/TR.

SME outreach

In the following, we calculated the share of SMEs benefitting from a guarantee of AECM members in the overall SME population of their respective countries. As a result, the highest outreach could be observed on an axis from the United Kingdom to Italy, passing by France. While the British Business Bank reaches out to nearly 2/3 of the UK SME population, our four French members Bpifrance, EDC, SIAGI and the National Federation of SOCAMA have currently 40.1% of French SMEs in their books. In Italy, Assoconfidi members and ISMEA are serving more than ¼ of SMEs. The map below shows the exact results.

Graph 3.5 : Intensity Map – SME outreach



ii. Long-term Development

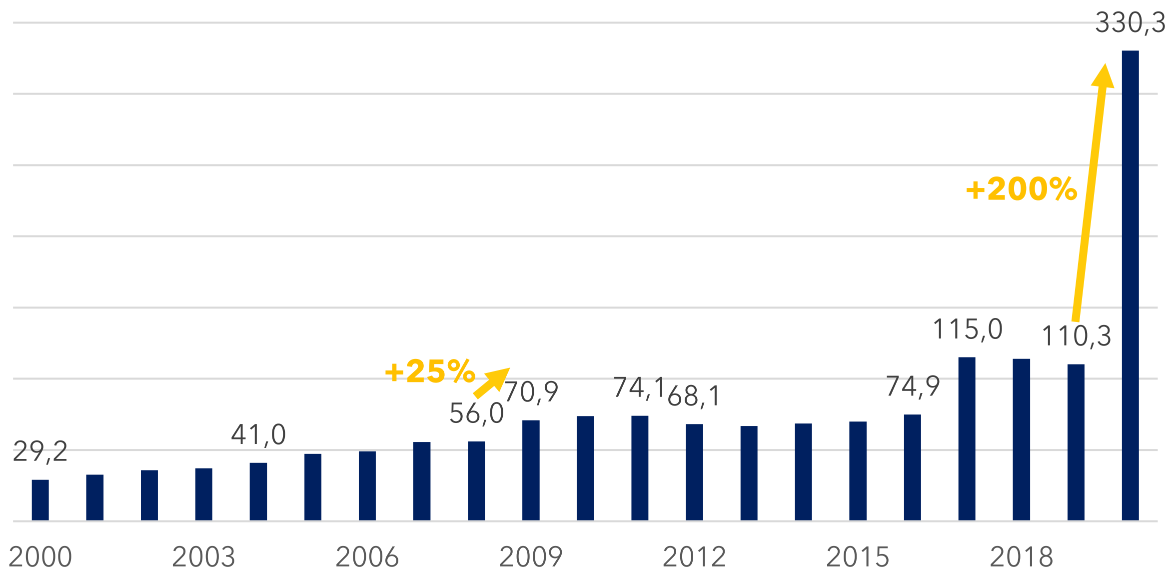
Highest ever registered total outstanding guarantee volume

Highest number of SMEs under the auspices of AECM members

Highest ever registered ratio new/outstanding guarantee volume

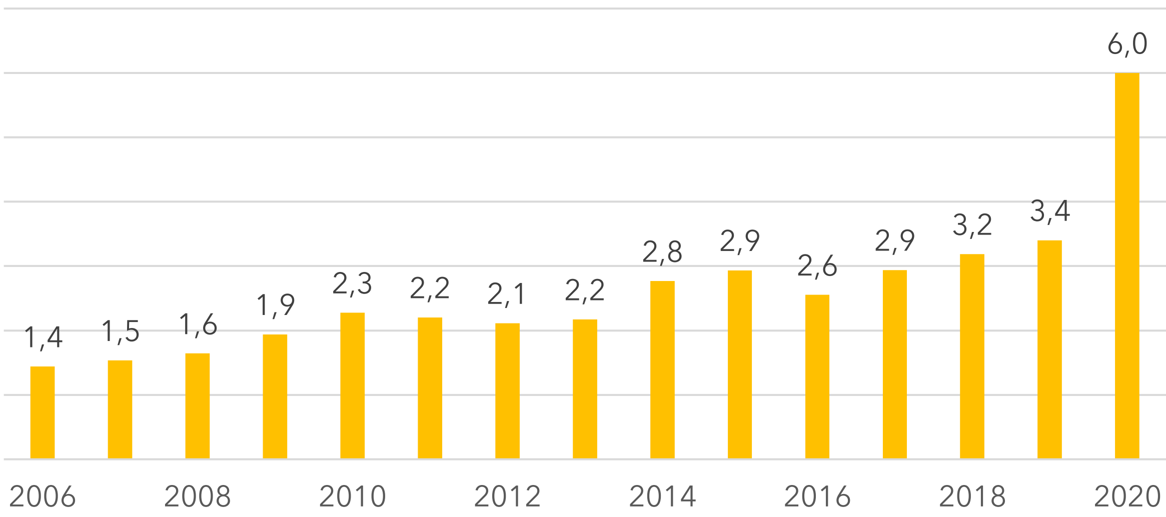
A look at the long-term development of total **outstanding guarantee volumes** reveals the massive extent of covid measures implemented by our members. Graph 3.6 shows the development of the outstanding guarantee volume since the start of data collection in 2000. Retrospectively, the strong increase during the financial crisis in the noughties is barely visible anymore. The strong increase in 2017 corresponds to the exceptional policy-driven expansion of the guarantee volume of KGF/TR.

Graph 3.6 : Long-term development of the outstanding guarantee volume (in bEUR)



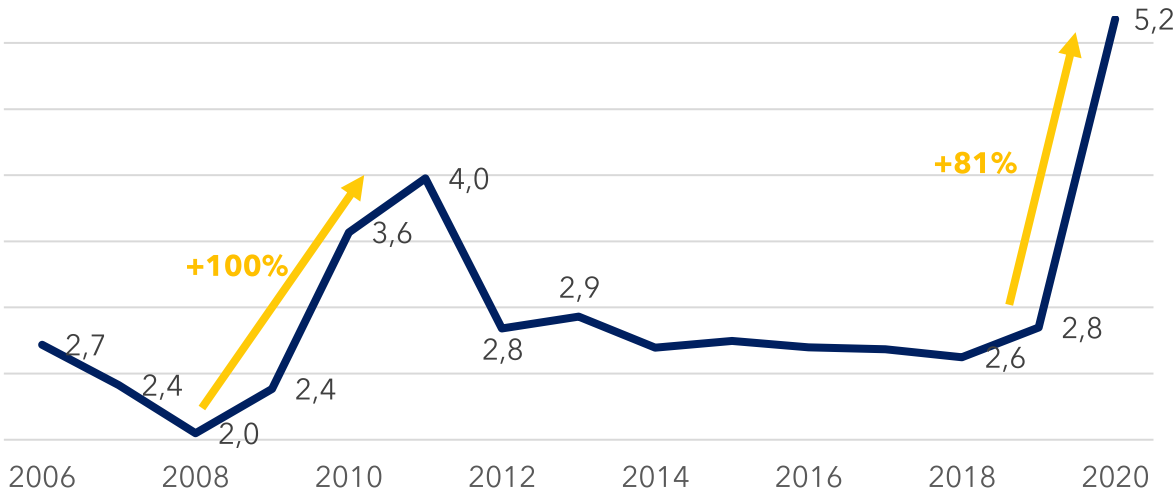
Regarding the **number of outstanding guarantees**, we have been able observe a steady increase since our first data collection in 2006 and an **extraordinary expansion in 2020**, reflecting the enormous roll-out of supporting measures for SMEs suffering from the economic consequences of the pandemic. In 2020, we reached the highest number of outstanding guarantees ever registered.

Graph 3.7 : Development of the number of outstanding guarantees (in million units)



The development of the **number of SME beneficiaries** shows the **anti-cyclical role of guarantee institutions** even more impressively than the development of the outstanding guarantees does. During the world financial crisis, the SME portfolio of AECM members doubled (over three years) and in 2020 it increased by 81%. The development between the two crises was very stable, as can be seen in graph 3.8 below.

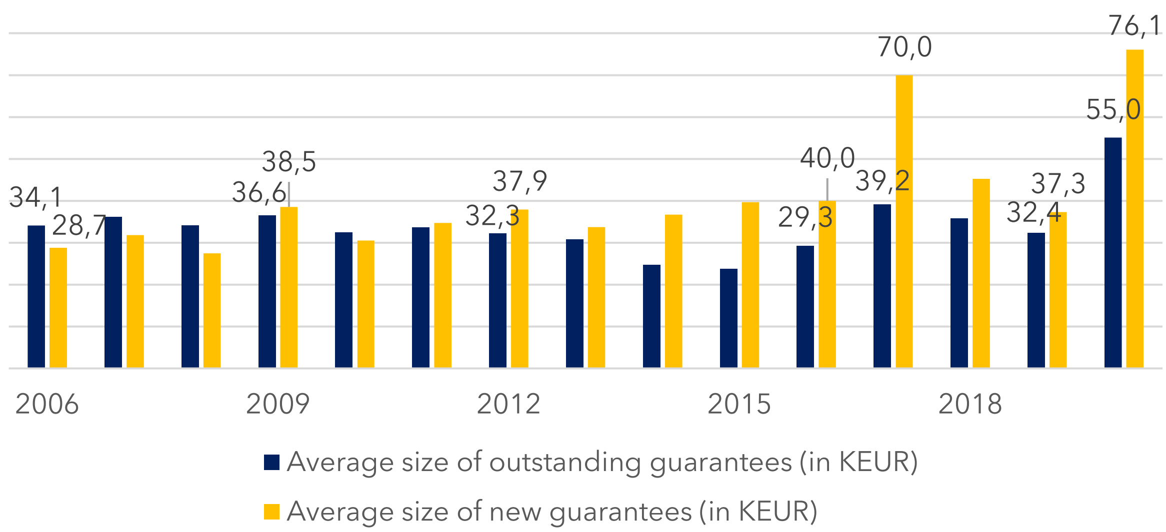
Graph 3.8 : Long-term development of the number of supported SMEs (in million units)



The comparison of the development of outstanding volumes and numbers of supported SMEs suggests that during the financial crisis a considerable number of SMEs soke assistance from guarantee institutions but that their liquidity needs were much lower than during the current crisis. This appears logical since in the current pandemic, small companies are in the epicentre of the crisis whereas during the financial crisis they were hit by second round effects. It will be interesting to see whether the curve of the current crisis will again lower down as fast as it did following the financial crisis. Since the average duration of covid measures issued by AECM members is 38.9 months, this seems to be a realistic option. Nonetheless, the severity of the current crisis suggests that the downward curve will be much flatter than the upward curve, meaning that SMEs will remain in the books of guarantee institutions for quite a few years.

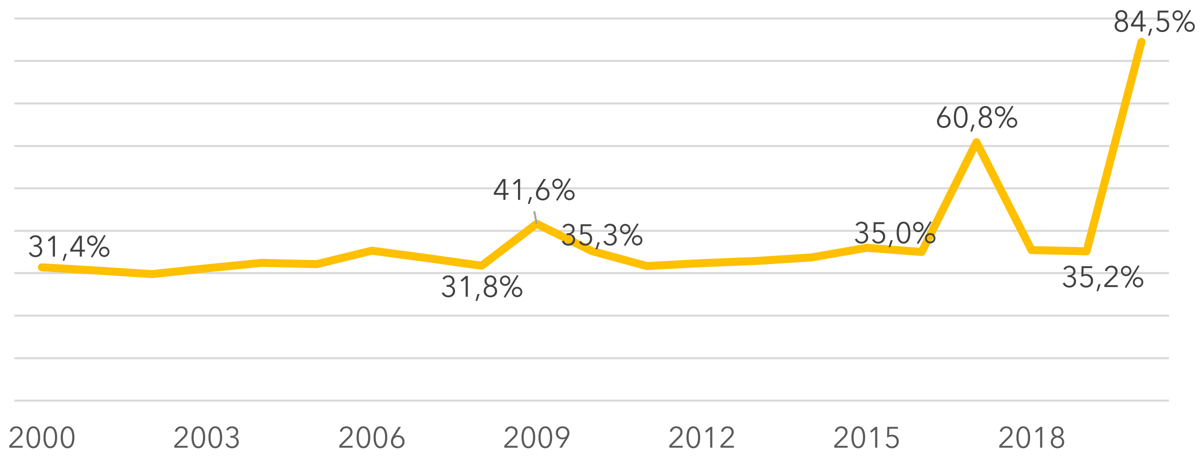
In 2020, we observe a substantial rise of the **average size** both of outstanding and of newly granted guarantees, up to a level substantially above the usual size observed in previous years. Given the high share of newly granted guarantees in the portfolio, the strong increase in the size of newly granted guarantees translated into a substantial increase in the average size of outstanding guarantees, much more so than in 2017 when KGF/TR experienced an unprecedented policy-pushed expansion of its portfolio. It is expected that guarantees will decrease in size once SMEs will have fully recovered from the crisis.

Graph 3.9 : Development of the average size of outstanding and of new guarantees (in kEUR)



The last point to be mentioned in this sub-section on long-term developments is the **share of newly granted guarantees in the overall portfolio**. This share is usually around 1/3 of the outstanding volume with the notable exceptions of the financial crisis in 2009, the exceptional increase of the KGF/TR volume in 2017 and now the Covid-19 crisis. Please have a look at the development here below.

Graph 3.10 : Development of the share of new guarantees in the overall portfolio



iii. Development of counter-guarantees

Total outstanding counter-guarantee volume

bEUR 12.9

Volume growth rate of

167.2%

The average counter-guarantee size

kEUR 46.8

Outstanding counter-guarantees

Ten AECM members[5] from eight countries are granting counter-guarantees. The **combined outstanding counter-guarantee volume of these members increased by 167.2% to reach a level of bEUR 12.9 at the end of 2020**. More than ¾ of the increase can be attributed to BPF/PT. The share of our members on the Iberian peninsula rises up to 94% of the total outstanding counter-guarantee volume (more than bEUR 8.8 is in the portfolio of BPF/PT and around bEUR 3.3 is in the books of CESGAR member CERSA/ES).

The **number of outstanding counter-guarantees also strongly increased (by 69.9%)**, but less than the volume. In 2020, AECM members had around 276,200 units of counter-guarantees in their portfolios. The **average size of a counter-guarantee increased from kEUR 29.7 to 46.8**.

[5] SOWALFIN/BE, Bpifrance/FR, EDC/FR, SIAGI/FR, MVA/HU, SBCI/IE, BPF/PT, FRC/RO, FSECA/RU, CESGAR/ES.

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New counter-guarantees

The **volume of newly granted counter-guarantees multiplied by the factor 6** with regard to 2019 reaching a level of **bEUR 9.2**. The strongest increases were observed in Portugal and Spain. The **number of newly granted counter-guarantees multiplied by the factor 3.2**. During 2020, AECM members issued 112,300 new counter-guarantees. As a consequence, the **average size of newly granted counter-guarantees increased from kEUR 46.8 to 82.1**.

iv. EU Financial Instruments

Total outstanding guarantee volume issued under COSME

bEUR 6

AECM members' COSME "market share"

35.8%

Increase of outstanding volume under ERDF

+518.5%

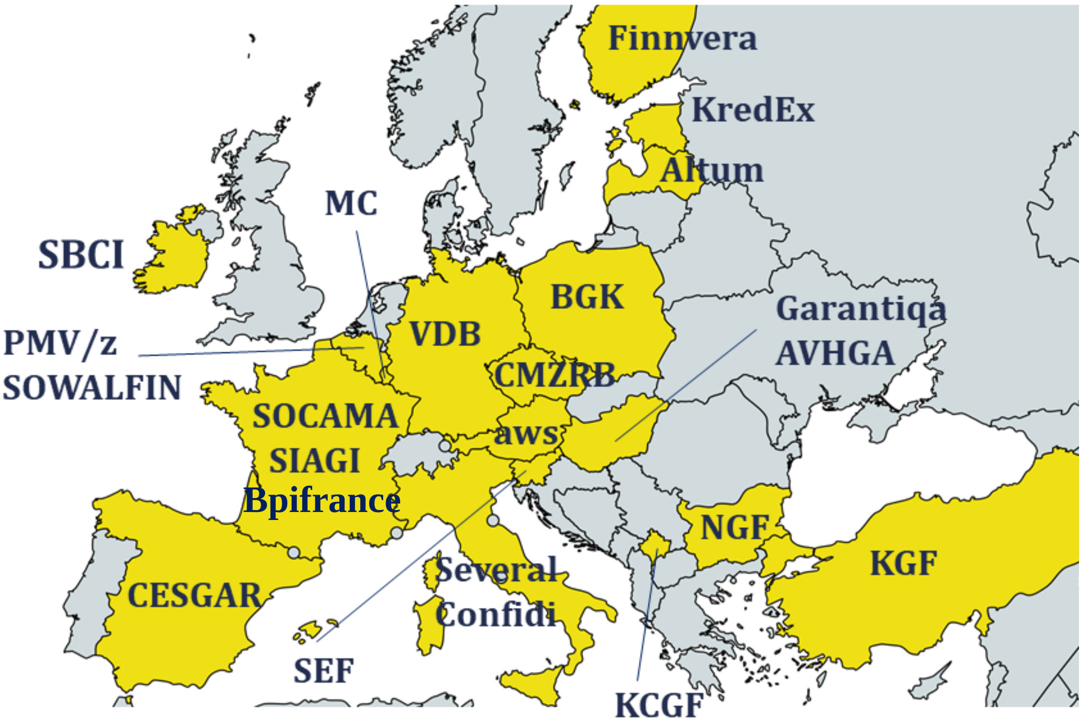
COSME

COSME LGF is the European programme that is most used by AECM members. 22 members (one more than last year) have at least one COSME contract with the European Investment Fund (EIF). The **total volume of signatures of AECM members amounts to mEUR 922.3 at end-2020 which represents a 68.6% increase with respect to end-2019**. AECM members' "market share" increased from 34.1% of the programme to 35.8%. Slightly more than half of all EIF COSME signatures (52.7%) are intermediated in form of counter-guarantees and the remaining part in form of direct guarantees. The share of counter-guarantees in the AECM members' slice of COSME in 2020 was 96.9%.

Graph 3.11 : AECM members' share in COSME signatures as of December 2020

The EU guarantee is used to counter-guarantee a volume of at least bEUR 6. This represents an increase of 8.0% vis-à-vis COSME guarantees in 2019. The largest COSME users are SOCAMA/FR (bEUR 2.1), followed by CESGAR/ES (bEUR 1.4) and CMZRB/CZ (mEUR 694.4). The biggest percentual increases were registered by Finnvera/FI (+1,308.8%), KCGF/XK (+265.4%) and BGK/PL (+82.4%). The map below lists those AECM members that participate in the COSME programme.

Graph 3.12 : Map of AECM members participating in the COSME programme



InnovFin

InnovFin SMEG is used by eleven AECM members[6]. The **total volume of signatures on 31st December 2020 amounts to bEUR 2.1** which represents a share of 14.4% of the total InnovFin signatures. Out of this share, 69.4% are direct guarantees.

Guarantees under InnovFin amount to at least mEUR 435.5 (not all members reported their InnovFin volumes, especially members using InnovFin as direct guarantees did not report the volumes). This represents a strong increase of 28.0% with respect to 2019. Largest volumes of guarantees counter-guaranteed by InnovFin were registered by CESGAR/ES (mEUR 160.3) and aws/AT (mEUR 125.2). The strongest percentual increases could be observed for SBCI/IE (+170.6%) and CESGAR/ES (+63.9%).

[6] aws/AT, PMV/z Waarborgen/BE, SOWALFIN/BE, Bpifrance/FR, VDB/DE, SBCI/IE, Assoconfidi/IT, ALTUM/LV, RVO/NL, CESGAR/ES, BBB/UK.

Other centrally managed programmes

Five AECM members (one more than last year) are using the **Cultural and Creative Sector (CCS) programme**[7], two of them as a direct guarantee and three of them as a counter-guarantee. **37.5% of the programme is intermediated by AECM members which equals mEUR 82.7**. The guarantee volume that the three AECM members using **CCS as a counter-guarantee provide to SMEs amounts to mEUR 123.3**[8] which is an increase of 58.2% with regard to the previous year.

In 2020, for the first time an AECM member (SEF/SI) provided guarantees under the **EaSI** programme.

European Regional Development Fund (ERDF)

Ten **AECM members**[9] **channel the ERDF in form of guarantees at an amount of bEUR 5.7**. This represents an enormous increase (+518.5%) compared to 2019. The main reason for this increase is the heavy use of ERDF in the frame of covid recovery measures adopted by HDB/GR. With a guarantee volume of bEUR 4.5, HDB/GR is now the AECM member with the largest portfolio under ERDF, followed by CMZRB/CZ with a volume of mEUR 746.

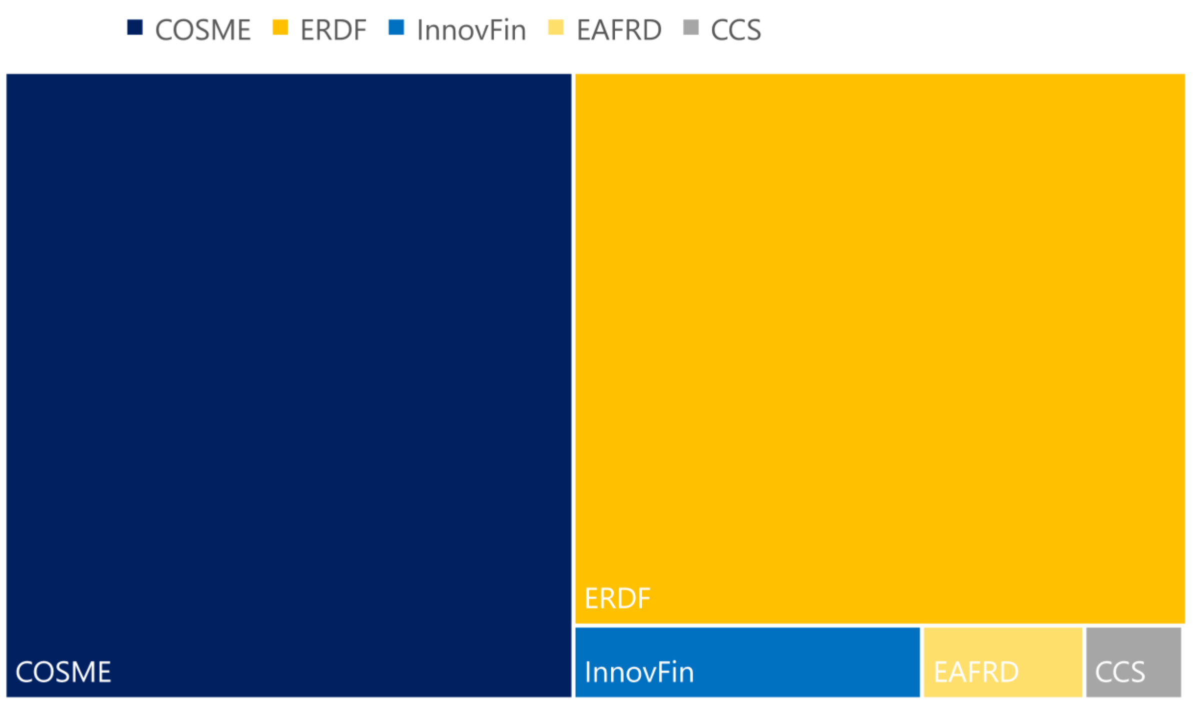
Other funds under shared management

Five AECM members[10] made use of the **European Agricultural Fund for Rural Development (EAFRD)** and had a **combined outstanding guarantee volume of mEUR 202.5** (down from mEUR 316.1 in 2019) under this programme. The quasi-totality of the volume is implemented by FGCR/RO.

The **European Social Fund (ESF)** is currently only used by MDB/MT and the **European Maritime and Fishery Fund (EMFF)** only by FGCR/RO.

[7] PMV/z Waarborgen/BE, HAMAG-BICRO/HR, Bpifrance/FR, BGK/PL, CESGAR/ES.
[8] This volume refers only to the members that are using CCS as a counter-guarantee.
[9] SOWALFIN/BE, HAMAG-BICRO/HR, CMZRB/CZ, KredEx/EE, Bpifrance/FR, HDB/GR, ALTUM/LV, INVEGA/LT, Garfondas/LT, BGK/PL.
[10] HAMAG-BICRO/HR, ALTUM/LV, Garfondas/LT, BGK/PL, FGCR/RO.

Graph 3.13 : EU Programmes used by AECM members



v. Agricultural Guarantees

Total outstanding agri guarantee volume

bEUR 21.3

Number of total agri-SME beneficiaries

238.4k

Volume of newly granted agri guarantees

bEUR 4.4

This section of the Statistical Yearbook is dedicated to the agricultural sector and presents information on the agricultural guarantee activities undertaken by AECM members during the year 2020 as well as on the evolution of AECM members' data over the past years.

Yet, before diving into the concrete agricultural data, we would like to underline that the data of this edition takes into account the impact of the ongoing Covid-19 crisis. Therefore, given the analysis of the outstanding agricultural guarantees as a share of the overall outstanding guarantees, it is of utmost importance to point out that the overall guarantee activities of AECM members during 2020 experienced a sharp increase and reached a record level of bEUR 330.3, the highest level of outstanding guarantee volume ever registered by the totality of AECM members.

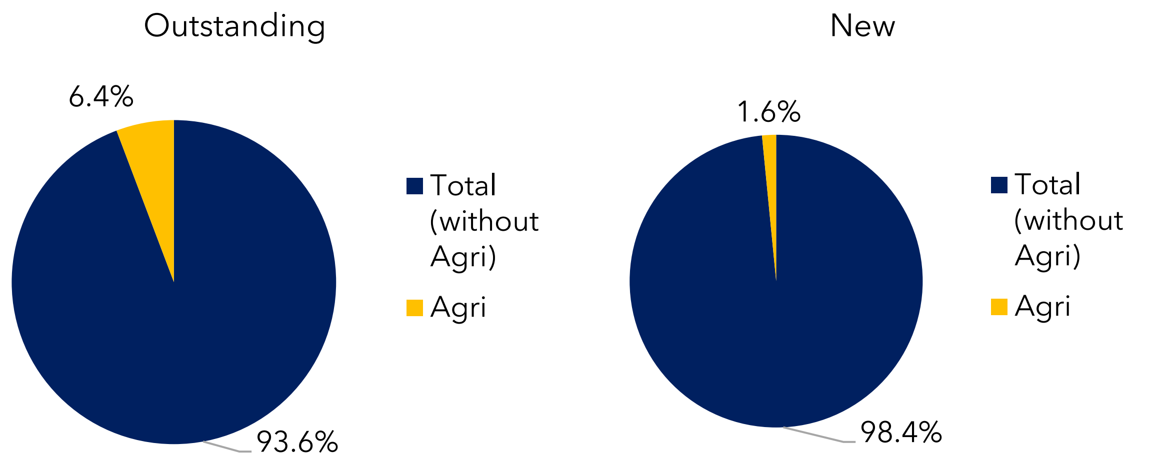
During the 2020 challenging environment, several AECM members increased their agricultural activities both in volumes and in numbers of outstanding agricultural guarantees, remaining focused on delivering tangible support to European agricultural businesses. The rise in numbers was, however, higher than the one in volumes. Yet, the trend is not uniform meaning that some members experienced an increase in the average guarantee size, as a result of the new support schemes set-up by the member states and/or of changes in the legal basis and/or of the implementation of EU measures to support farmers and rural areas.

As the graphs below show, the part of the **outstanding agricultural guarantees per 2020 represents bEUR 21.3** which is 6.4% of the overall volume of outstanding guarantees, registering a growth rate over the past year of 11.6%.

Newly granted agricultural guarantees in 2020 amount to almost bEUR 4.4, representing 1.6% of all newly granted guarantees. This is to say that the total volume of the newly granted guarantees increased by 45.9% in comparison to the year 2019. Similarly, the number of the newly granted guarantees increased by 84.2%, reaching a total number of 70,951.

The main reason for the aforementioned climb are the extensive measures rolled out by national and regional governments as a result of the new flexibility offered by the EU legislation to help small and medium-sized companies to overcome the consequences of the Covid-19 pandemic.

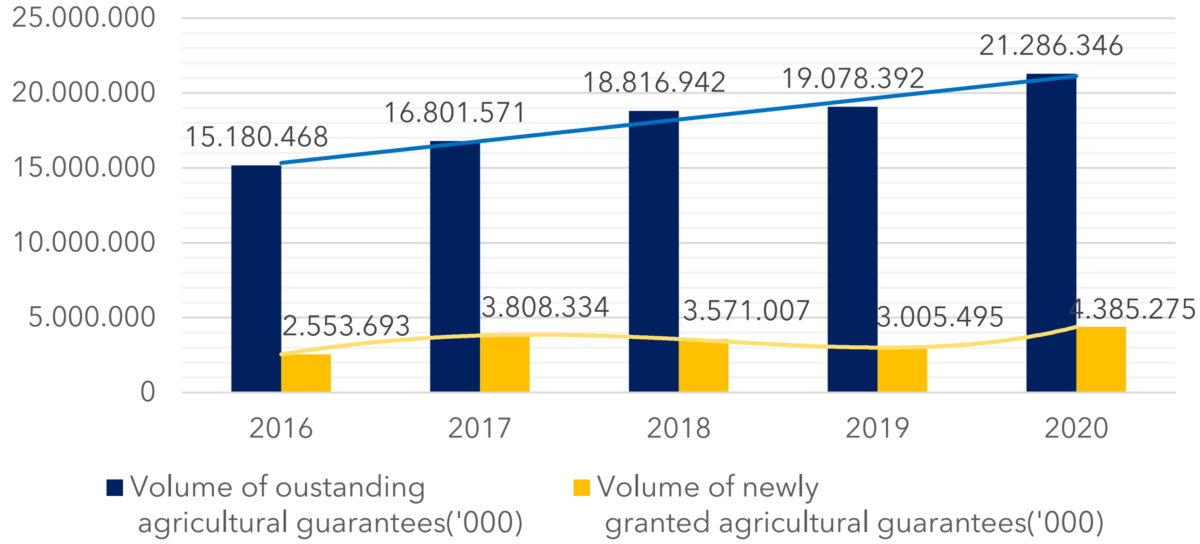
Graph 3.14 : Share of agricultural guarantees (outstanding and new) in the overall portfolio



Further, thanks to data provided by those AECM members that are active in agriculture guarantee activities, it was possible to undertake an in-depth analysis on the evolution of agricultural data since 2016.

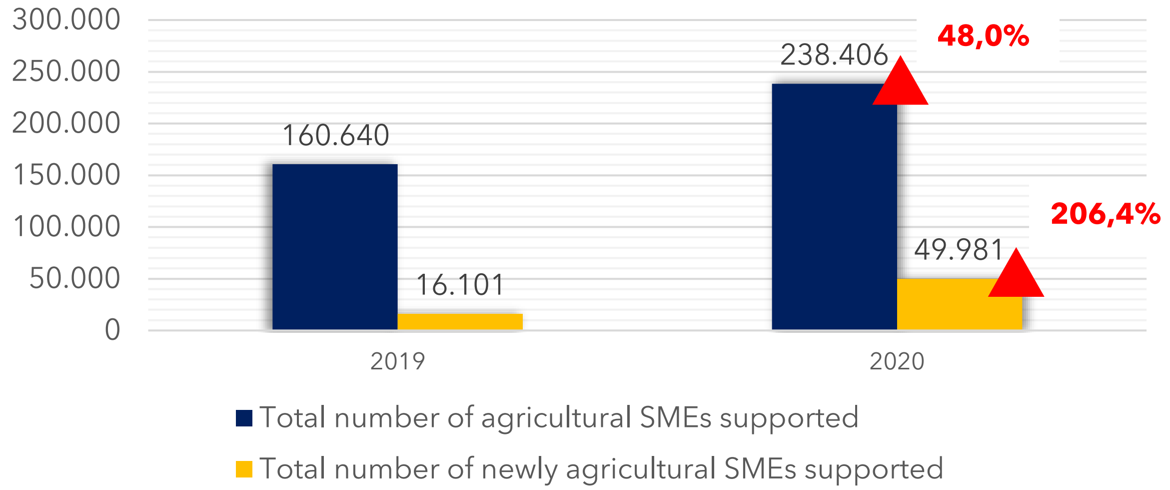
As the graph below shows, there is a constant increase of the total volume of outstanding agricultural guarantees compared to the rather fluctuating volume of newly granted guarantees between 2016 and 2020.

Graph 3.15 : Development of the volume of outstanding and newly granted agricultural guarantees since 2016



Speaking in terms of SME beneficiaries, it should be mentioned that during 2020, agricultural guarantees were granted to a total number of 238,406 SMEs, out of which 49,981 were new SME beneficiaries. This is to say that the total number of SMEs supported during 2020 increased by 48.4% in comparison to 2019, whereas the number of newly supported SMEs increased by 210.4%. This clearly denotes that the ongoing Covid-19 pandemic is a strong driver of demand for finance in the agricultural sector. This is particularly the case for new beneficiaries who have higher investment needs.

Graph 3.16 : Total number of agricultural SME beneficiaries (outstanding and new)



Turning to the agriculture-oriented guarantee institutions (AVHGA/HU, ISMEA/IT, Garfondas/LT, Agrogarante (part of BPF/PT) and FGCR/RO), graph 3.17 below shows the breakdown of the total portfolio by each agri-only AECM member.

While almost all agriculture-oriented guarantee institutions registered increases of their portfolios, ISMEA/IT remains the biggest agriculture-oriented scheme, accounting for 89% of the combined guarantee volume of the five agriculture-oriented guarantee institutions.

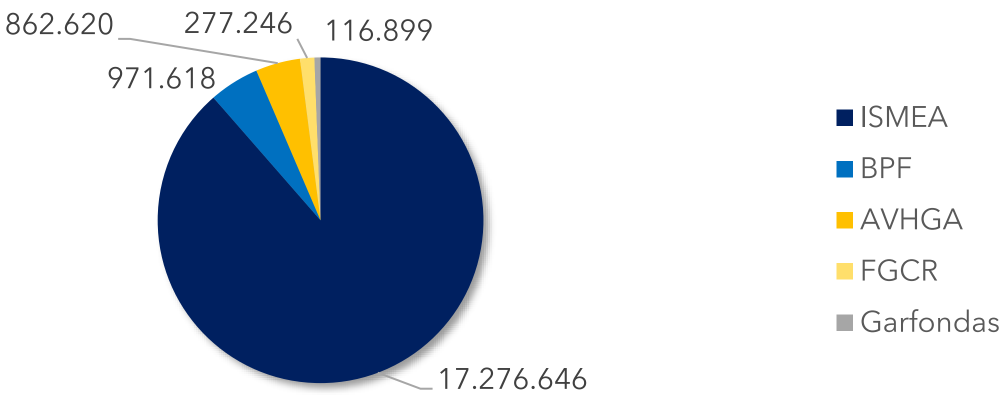
ISMEA's increase in the outstanding guarantee volume per 2020 (+8.7%) is mainly the result of the implementation of the so-called loan guarantees and grants programme under the ISMEA Guarantee Fund, implemented under the Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak (TF)[11].

Agrogarante/PT more than doubled its outstanding guarantee volume (+135.2%) over the last year which is mostly as a result of the Covid-19 Economy Support Line programme implemented under the TF.

In case of AVHGA/HU, the growth of the outstanding guarantee volume (19.1%) was driven by the implementation of the so-called Crisis Agricultural Guarantee Programme, rolled out in accordance with the Temporary Framework and intended to facilitate access to finance for agriculture-oriented SMEs for their investments and working capital needs.

In contrast to the above-mentioned guarantee schemes, FGCR/RO did not set up a dedicated programme to fight the Covid-19 crisis. However, it continued to support Romanian agricultural businesses through its regular programmes.

Graph 3.17 : Distribution of volumes of outstanding guarantees of the agriculture-oriented guarantee schemes



Agriculture-oriented guarantee institutions play a vital and significant role in the agro-socio-economic development of the EU countries. They are playing a catalytic

[11] Cf. https://ec.europa.eu/competition-policy/state-aid/coronavirus/temporary-framework_en

role in strengthening the farm businesses, which unlike most other businesses have the following specific features:

- Despite the importance of food production, farmers' income is around 40% lower compared to non-agricultural income. This comes, however, with high capital and investment needs and limited access to finance due to the poor liquidity situation and/or the lack of bankable collaterals.
- Agriculture depends more on the weather and the climate than many other sectors. This risk combined with the general characteristics of the sector with low and fluctuating profit margins and cash flow leads banks to be more reluctant to providing financing to farmers.
- There is an inevitable time gap between consumer demand and farmers being able to supply, for example growing more wheat or producing more milk inevitably takes time.

According to a report undertaken by fi-compass in 2020[12] based on the feedback of 7,600 farmers and 2,200 agri-food companies across the EU, the financing gap for agriculture in the EU is between bEUR 19.8 and 46.6, while for the agri-food sector the estimated gap is more than bEUR 12.8. These financial needs are likely to be exacerbated by the current crisis. Therefore, continuous support of financing is crucial, and the guarantee is a major instrument to facilitate the realisation of investments.

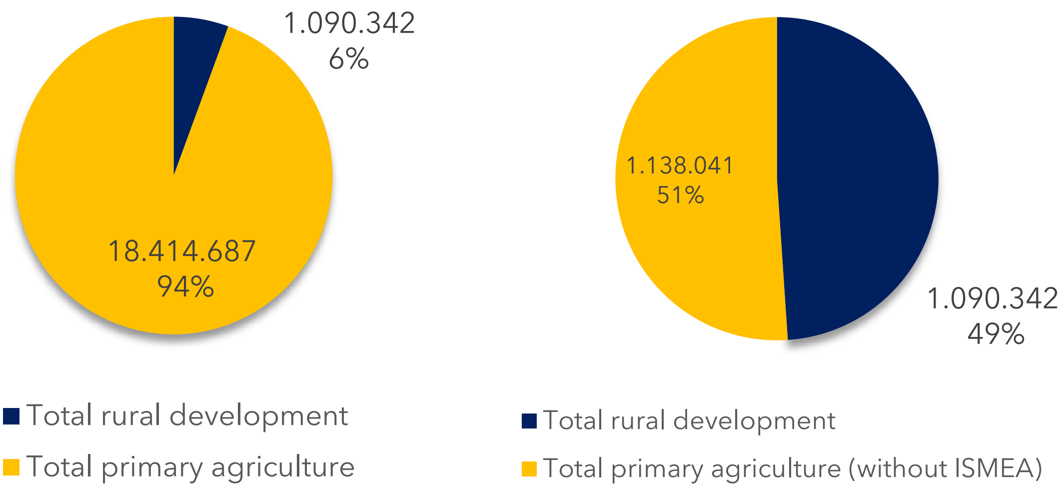
According to the aforementioned report, the products recommended to be guaranteed are primarily investment loans with long-term maturities, but for several member states also the provision of guarantees for working capital loans and credit lines is considered to be beneficial.

Turning back to agriculture-oriented guarantee institutions, it is worth mentioning that four out of five agriculture-oriented guarantee institutions (AVHGA/HU, Garfondas/LT, Agrogarante/PT, FGCR/RO) also promote rural development, by granting guarantees for different activities aiming at maintaining the economic and social infrastructure of rural areas. Rural development is primarily understood in the economic sense of the process of assuring a progressive improvement in economic security of people in rural areas.

As indicated in graph 3.18 below, the **total volume of guarantees for rural development activities in 2020 amounted to more than bEUR 1** representing 6% of the total volume of the aggregated portfolio of the five agriculture-oriented guarantee institutions.

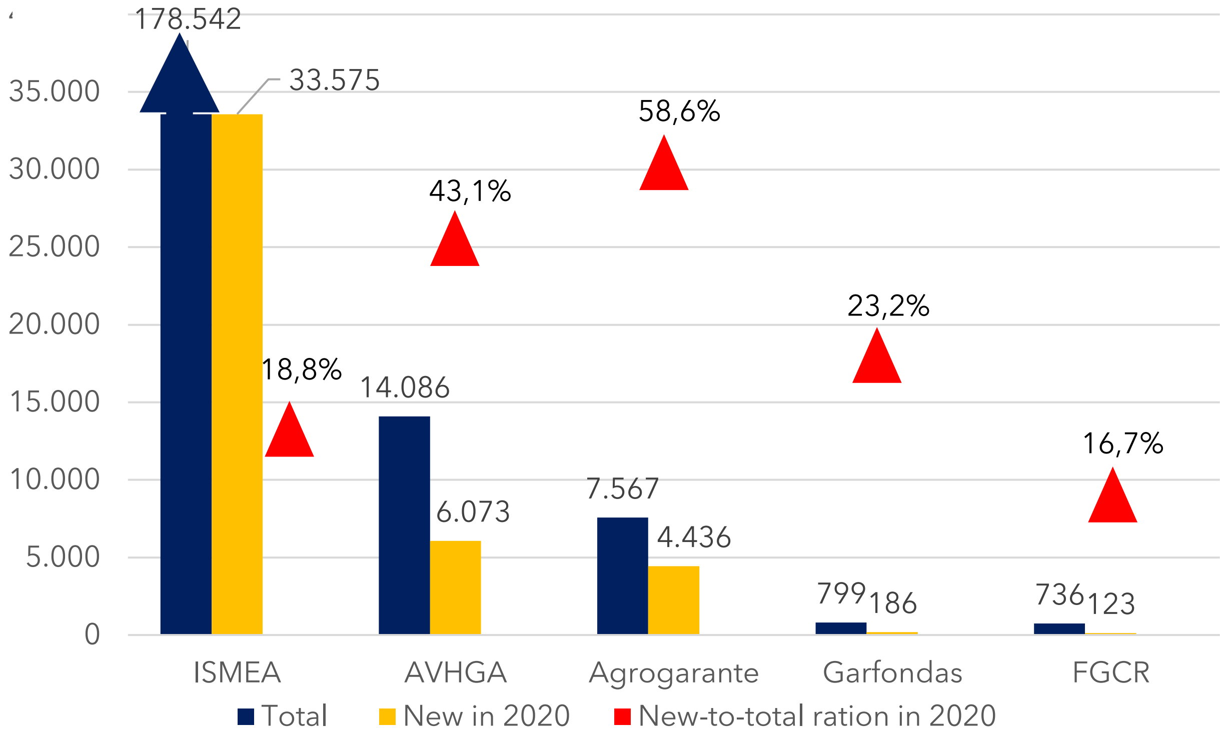
[12] https://www.fi-compass.eu/eafrd/fi-compass-study-financial-needs-agriculture-and-agri-food-sectors-24-eu-member-states

Graph 3.18 : Distinction between outstanding guarantee volume in the area of primary agriculture and in the area of rural development (on the left including ISMEA/IT and on the right excluding ISMEA/IT which only guarantees agricultural firms)



Turning to SME beneficiaries, at the end of 2020, the five agricultural-oriented guarantee institutions supported a total of 201,730 SMEs. Out of these 201,730 SMEs, 44,393 were new SME beneficiaries.

Graph 3.19 : Outstanding and new agricultural SME beneficiaries and the ratio new/outstanding



Finally, we would like to thank all the members that are focusing on the agricultural sector as well as their contact persons for having provided us with the necessary data without which this analysis would not have been possible.

vi. Coverage Rate

Weighted average coverage rate **78.2%**

Unweighted average maximum coverage rate **84%**

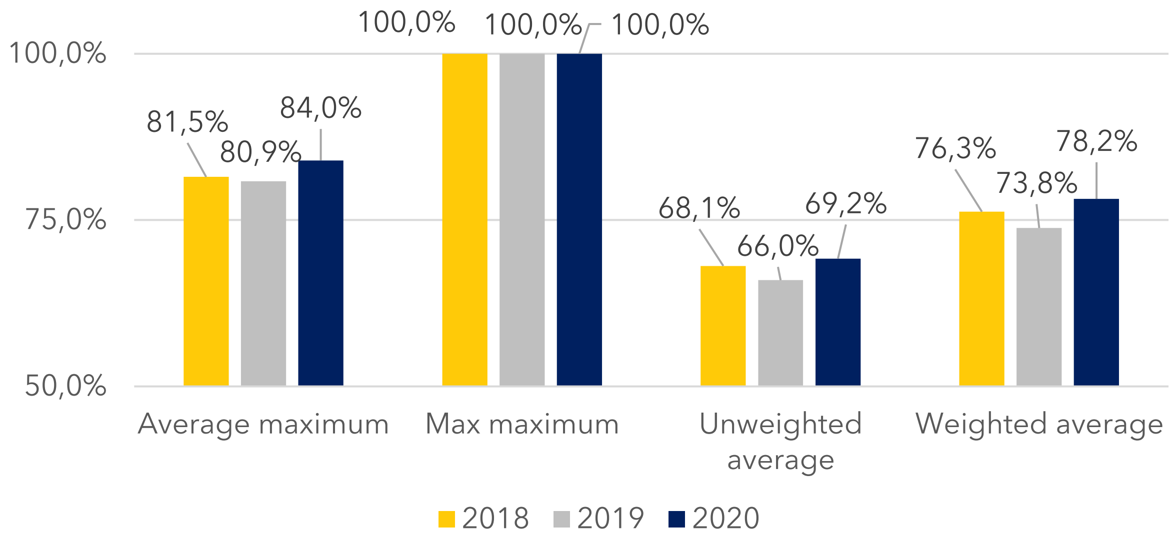
11 members offer a maximum **coverage rate of 100%**

The shares of SME loans that are covered by our respective members remained very stable over the previous three years. The **maximum coverage rates** ranged from 50% to 100% with an **unweighted AECM average increasing from 80.9% in 2019 to 84.0% in 2020**. Nine members increased the maximum coverage rate for their guarantees by 5 to 20%. The number of members that offer 100% guarantees (as a maximum, not necessarily as a rule) increased from 8 in 2018 to 9 in 2019 and 11 in 2020. This increase to a coverage of 100% was also facilitated by the Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak (TF)[13].

The **unweighted average coverage rate increased from 66% in 2019 to 69.2% in 2020**. Average rates ranged from 27 to 100%. **The AECM average of average coverage rates weighted by the volume of newly granted guarantees amounted to 78.2% up from 73.8% in 2019**. In the light of the crisis, the increases of coverage rates appear still modest in comparison to what one could have expected. However, it is important to treat these numbers with caution as coverage rates are not communicated by all members. Especially in the case of average coverage rates, data is not available for the two largest schemes. Taking the development of maximum coverage rates as well as information on covid measures presented in our AECM covid brochure into account, we assume that the weighted AECM average coverage rate is underestimated. The following graph gives an overview of the development of coverage rates over the past three years.

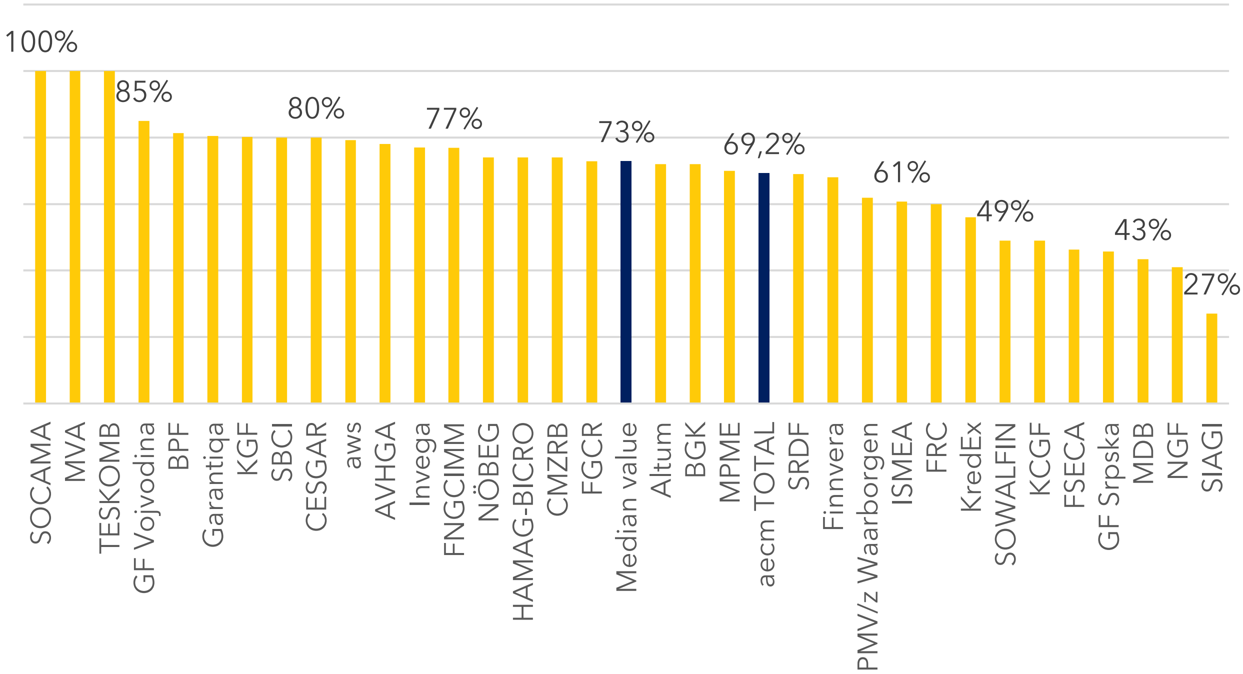
[13] Cf. https://ec.europa.eu/competition-policy/state-aid/coronavirus/temporary-framework_en

Graph 3.20 : Development of coverage rates between 2018 and 2020



Graph 3.21 shows the distribution of average guarantee rates across AECM members.

Graph 3.21 : Average coverage rates in 2020



vii. Further Enquiries

As every year, we asked our members a couple of additional questions of current relevance and of course for the 2020 Scoreboard, we were interested in more details about AECM members' covid measures.

First of all, we asked about the volume of guarantees that were newly granted under covid measures. **Out of the bEUR 279.2 of newly granted guarantees, bEUR 236.6 are explicitly classified as covid measures**. This represents a share of 84.7% of new production. **The duration of covid programmes spans from 12 to 72 months. On average, a covid guarantee runs for 39 months**.

Secondly, we were interested in equity measures of our members. As many SMEs took up a large amount of debt, some might face a situation of over-indebtedness even though they have a viable business model. In such a situation, equity or quasi-equity could be used to remedy their situation. As a result of our survey, **seven members confirmed that besides debt guarantees they are also offering equity or quasi-equity products[14]**. The product pallet offered by our members is quite divers and includes silent participations, subordinated loans, convertible loans, mezzanine capital, participation in venture capital funds and business angle funding.

[14] aws/AT, NÖBEG/AT, SOWALFIN/BE, Bpifrance/FR, VDB/BE, ALTUM/LV, INVEGA/LT.

IV Guarantee Activity Survey

This year's Guarantee Activity Survey was undertaken following the exceptional year 2020 that was profoundly marked by the Covid-19 pandemic and the consequential lockdown and social distancing measures in all European countries. It was furthermore undertaken in anticipation of a year 2021 that is exposed to large uncertainties linked to the further course of the pandemic.

Despite the high level of uncertainties, 39 out of 47 members replied to the survey which corresponds to a response rate of almost 83%.

It goes without saying, that the Covid-19 outbreak had a strong impact on the results of our survey. While **more than 2/3 of respondents observed an increase in the guarantee activity in 2020, the expected demand for 2021 is significantly lower than the one that members expected for 2020**. This could indicate that we are approaching a peak or a plateau of guarantee volumes.

Let us in the following have a closer look to the observed and expected developments in the guarantee sector.

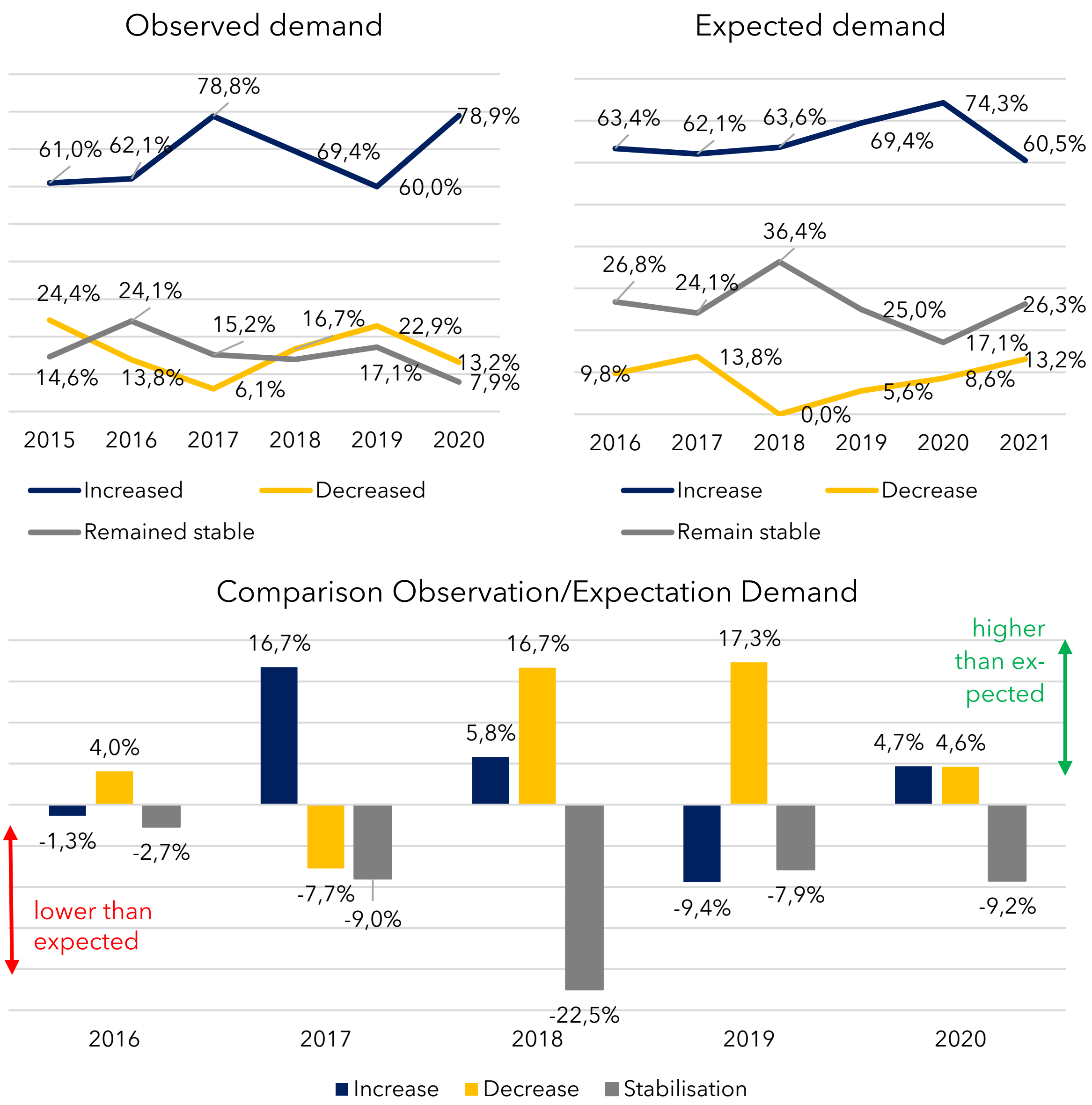
i. Demand for guarantees

In 2020, the share of members that observed an increase in the demand for their guarantees increased significantly from 60.0% to the record level of 78.9%. This obviously mirrors the difficult situation in which many SMEs found themselves in due to the pandemic. Nonetheless, 13.2% of the respondents were faced with a decrease in the demand. Partly, the reason for this is that in the respective countries a different institution is implementing the bulk of government support measures.

The expectations for 2020 were largely met. Both, the share of members that observed an increase and those that observed a decrease were roughly 5% above expectation and this at the expense of the observation of a stabilisation of the demand that came out nearly 10% below expectation. This is not surprising since respondents usually tend to overestimate stabilisation.

For the year 2021, much less members expect the demand for guarantees to increase (60.5% after 74.3% for 2020). Since guarantee institutions are already reaching out to a large share of the SME population and since many SMEs are approaching a situation where additional debt might not be sustainable, it is only logical to see merely a smaller share of members expecting an increase in the demand for guarantees. Please see the detailed results below.

Graph 4.1 : Observed (left) and expected (right) demand for guarantees as well as the comparison (below) of expectation with the respective effective observation



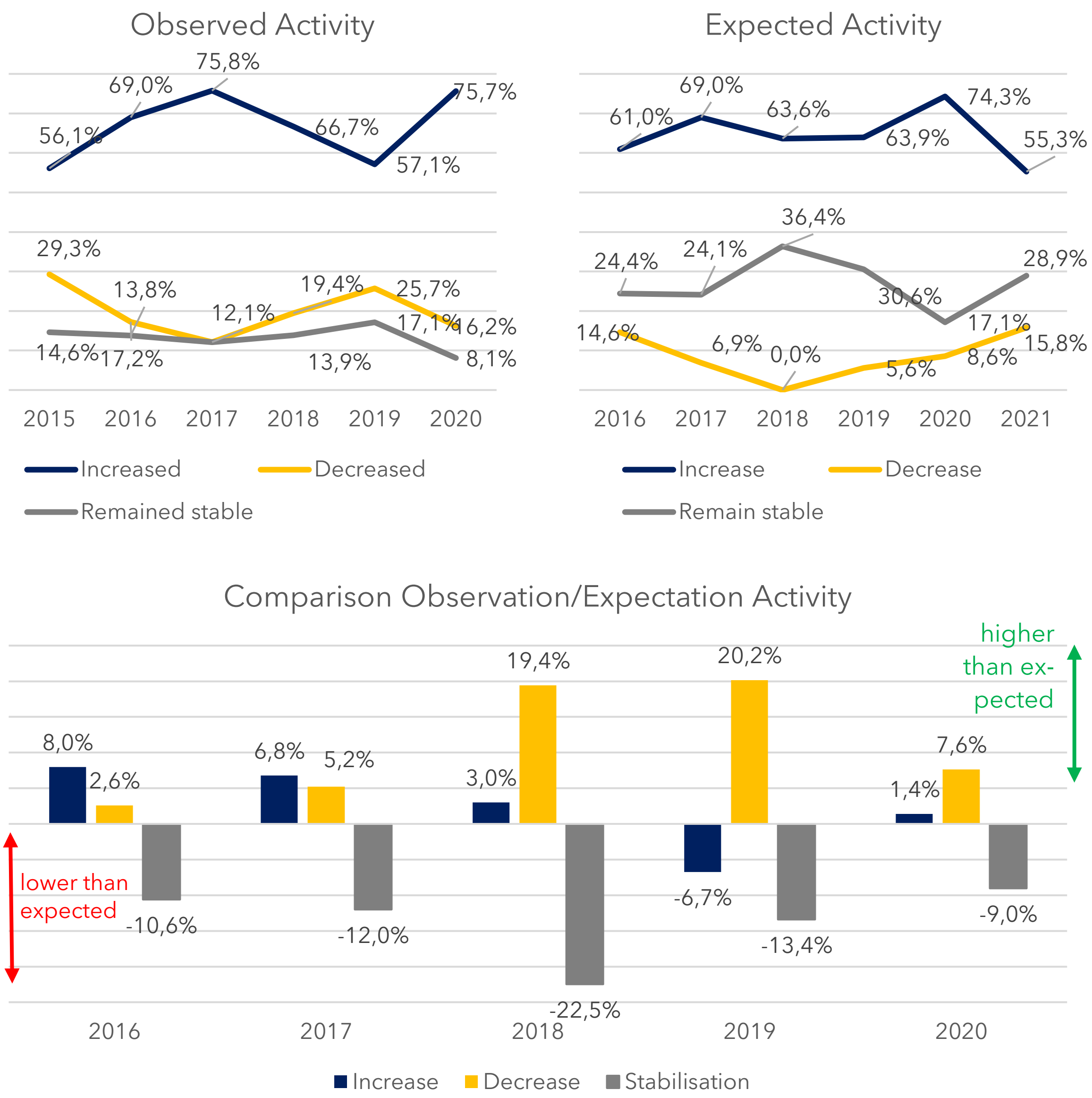
ii. Guarantee activity

The picture for the activity looks very similar to the one for the demand. **A vast majority of respondents observed an increase of the activity in the past year**. Increases were observed by nearly 20% more respondents than in 2019. Both, the share of members that observed a decrease and the share of members that observed a stabilisation of the activity decreased.

While the share of expected increases for 2020 almost exactly corresponds to the share of observed increases in 2020, decreases where more frequent than expected and stabilisations where less frequent than expected.

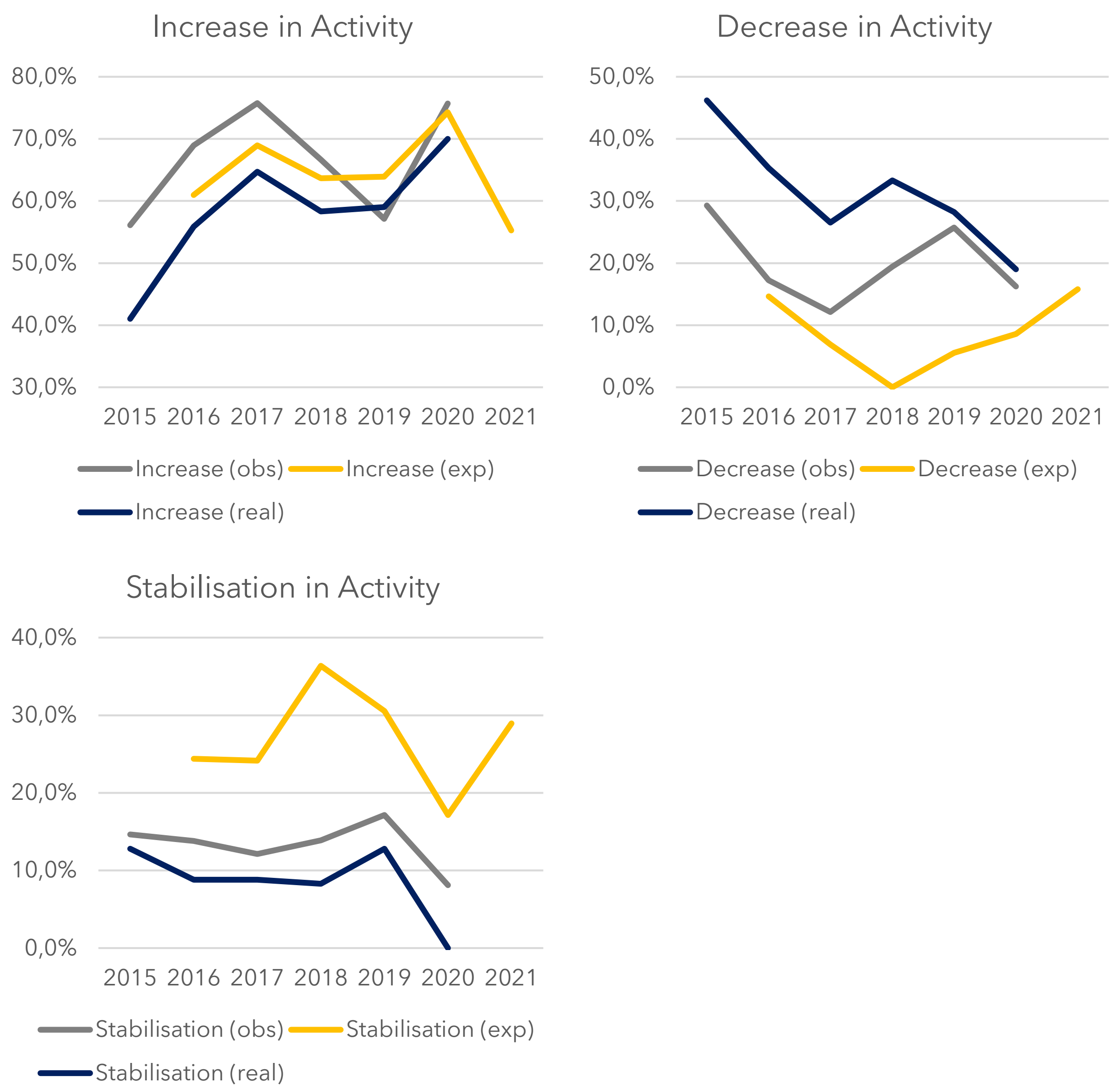
Concerning the **expectation for 2021, we see a remarkable decrease of the share of respondents that expects an increase in the guarantee activity.** It seems that the guarantee activity is approaching a peak or plateau. Please find the detailed results below.

Graph 4.2 : Observed (left) and expected (right) guarantee activity as well as the comparison (centre) of the expectation with the respective effective observation



Graph 4.3 compares the observations and the expectations for the activity in a specific year with the real outcome according to the Scoreboard survey. Whereas the real increase was always very close to the observed and the expected increase, real decreases were always higher than the observations and even more so with regard to expectations. For stabilisations, the real outcomes were always close to the observations but far below expectations.

Graph 4.3 : Comparison of expected and observed developments in the guarantee activity with the effectively measured developments

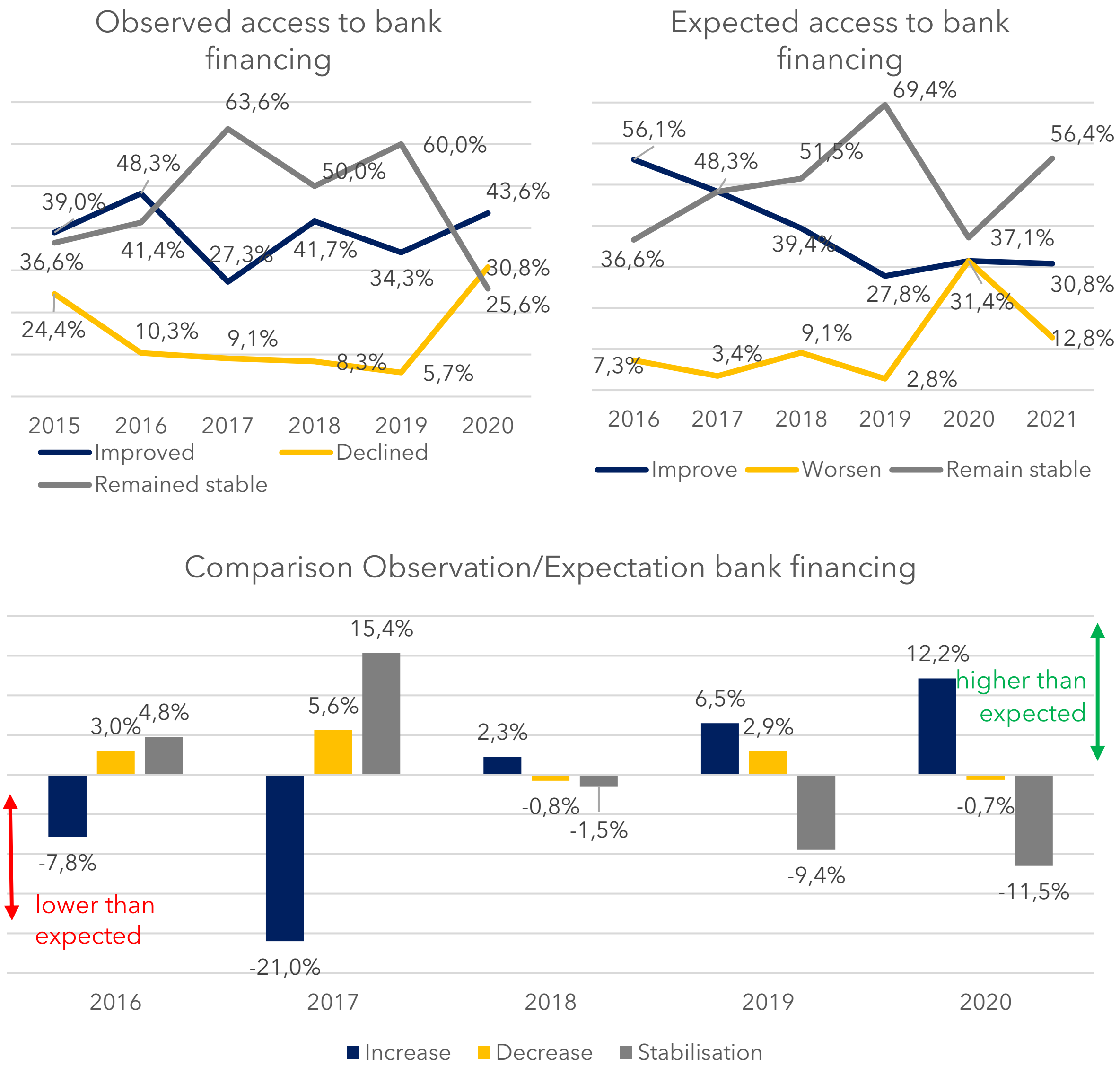


iii. Bank Financing for SMEs

In 2020, the number of respondents that observed an improved access to finance increased by almost 10%, but also the number of members that observed a deterioration of the access to bank finance increased – and this dramatically – from 5.7% to 30.8%. The number of members that observed a stabilisation of the access to bank finance more than halved.

For 2021, however, AECM members are again more optimistic. While expectations for an improved access to bank financing remains stable, again many more members expect a stabilisation and many less members expect the access to bank finance for SMEs to deteriorate. Have a look at the detailed results in graph 4.4 below.

Graph 4.4 : Observed (left) and expected (right) access to bank financing for SMES as well as the comparison (centre) of the expectation with the respective effective observation



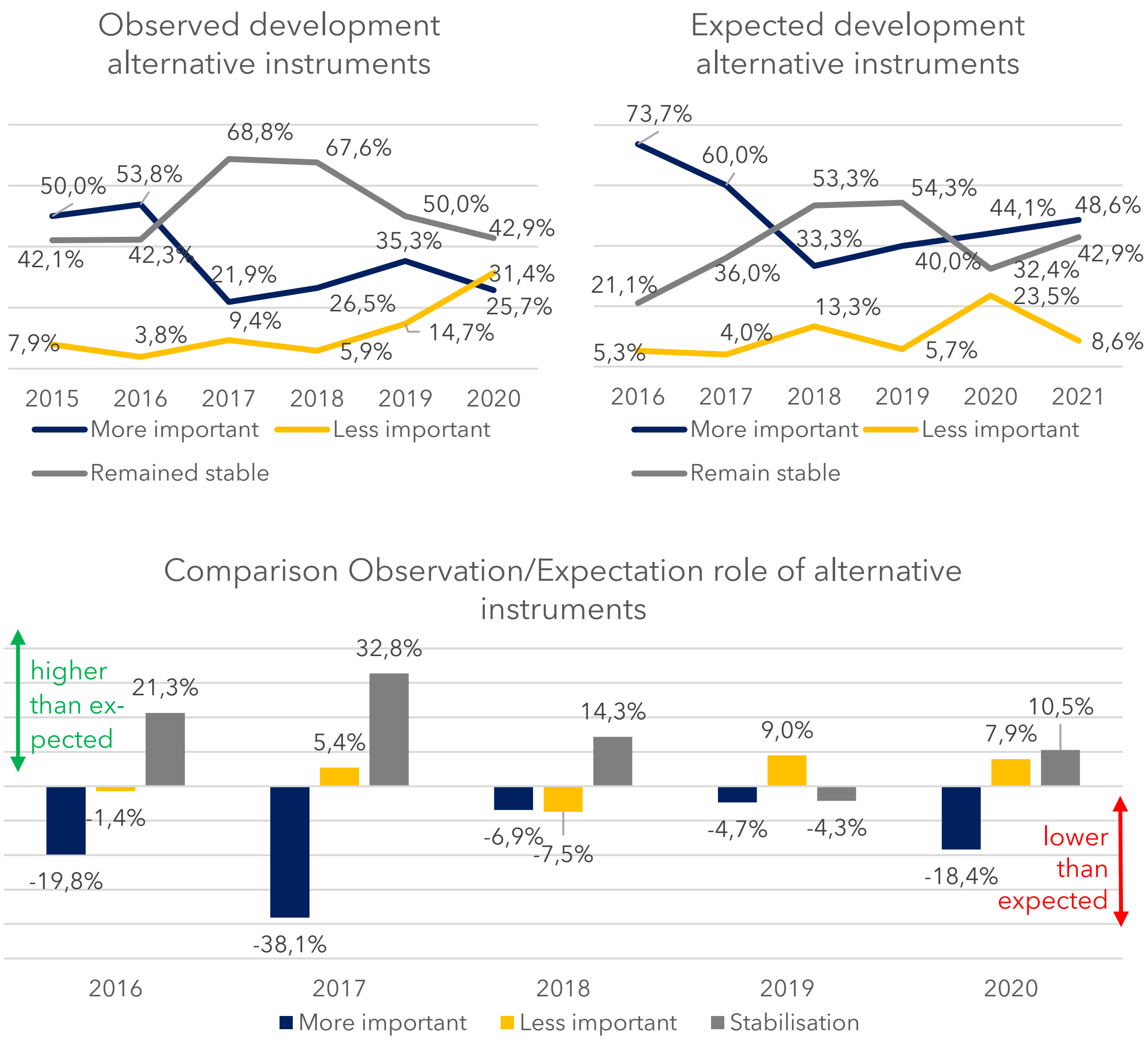
When comparing expectations with observations for 2020, we notice that access to finance for small and medium-sized enterprises was better than expected.

iv. Alternative Financing Instruments

The use of alternative financing instruments such as business angel financing or crowdfunding was observed to having lost in importance over the past year. The share of members that observed a loss of importance was the highest that we ever recorded. It seems that in a crisis situation, market actors rather rely on traditional sources of finance. However, this might be only an ephemeral phenomenon. **For 2021, almost half of AECM members expect alternative financing instruments to become more important** and only a minority of 8.6% expects them to lose in significance.

When comparing expectations and observations, we can see that for 2020, the number of observed increases in importance was significantly lower than expected. The development of observations and expectations since 2015 respectively 2016 as well as the comparison of both can be seen in the graphs below.

Graph 4.5 : Observed (left) and expected (right) use of alternative financing instruments as well as the comparison (centre) of the expectation with the respective effective observation

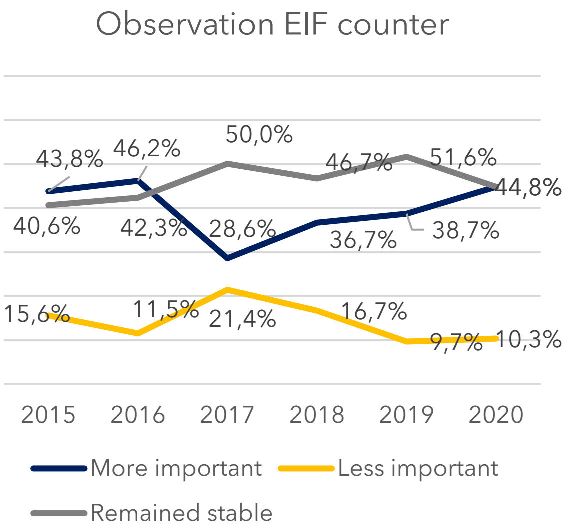


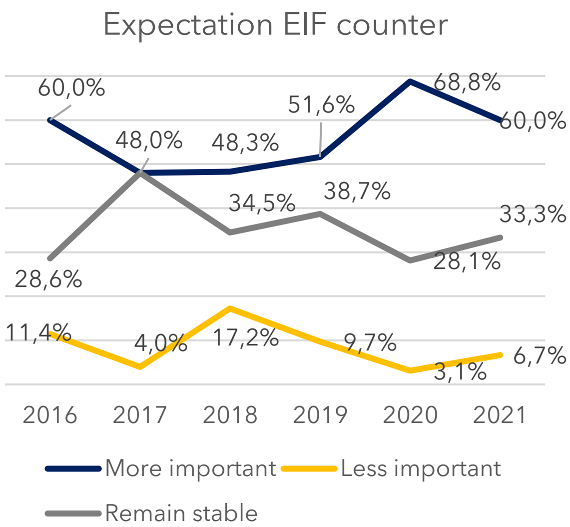
v. EIF Counter-Guarantees

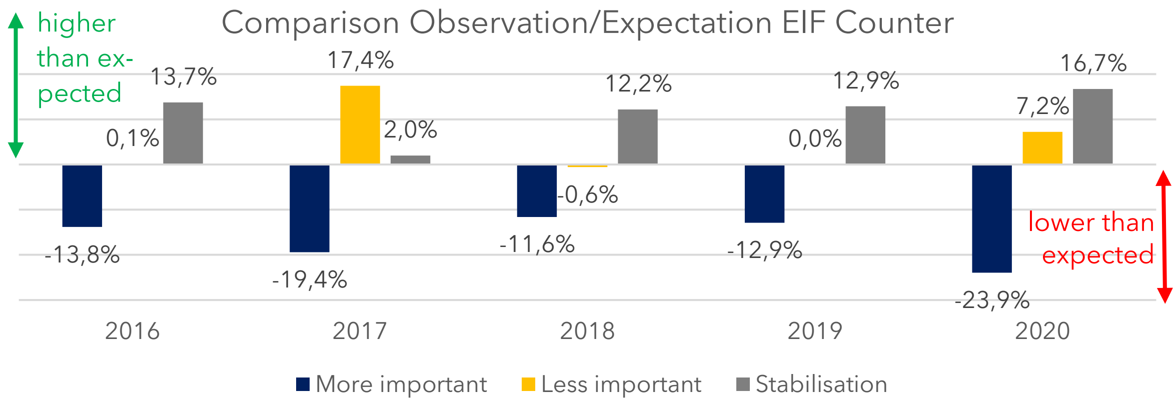
Observations on the development of EIF counter-guarantees remained remarkably stable and in particular so over the past year. Almost 45% of respondents noticed that EIF counter-guarantees became more important in 2020 and only 10% of them observed a decrease in importance. **Turning to the future and thereby to the InvestEU Programme that is launched in 2021, we see that a vast majority of 60% of members expects EIF counter-guarantees to become more important.** This is only a small decrease compared to 2020, when even 68.8% of members expected an increase in significance.

Expectations of the development of EIF counter-guarantees were not met. For 2020, it became clear, that expectations for an increased importance of EIF counter-guarantees were by almost 24% higher than effectively observed. Please find the detailed results below.

Graph 4.6 : Observed (left) and expected (right) use of EIF counter-guarantees by the respective institutions as well as the comparison (centre) of the expectation with the respective effective observation





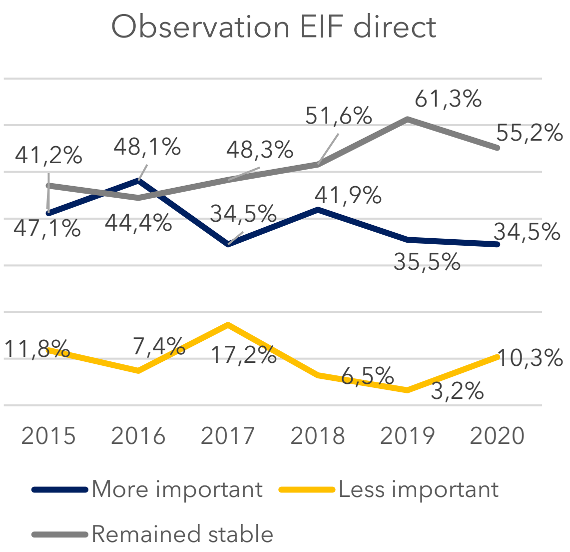


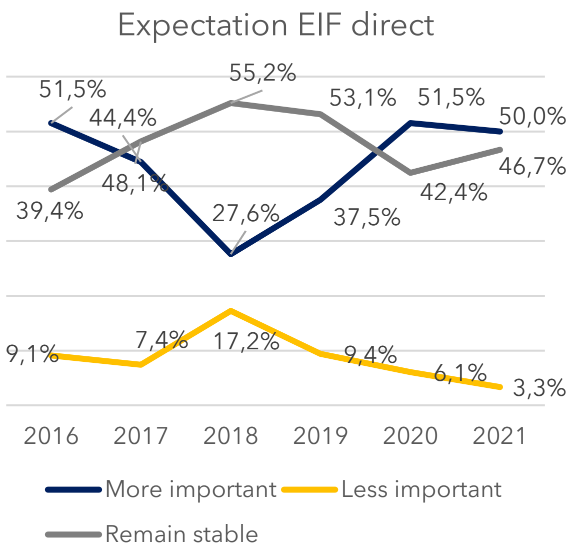
vi. EIF Direct Guarantees

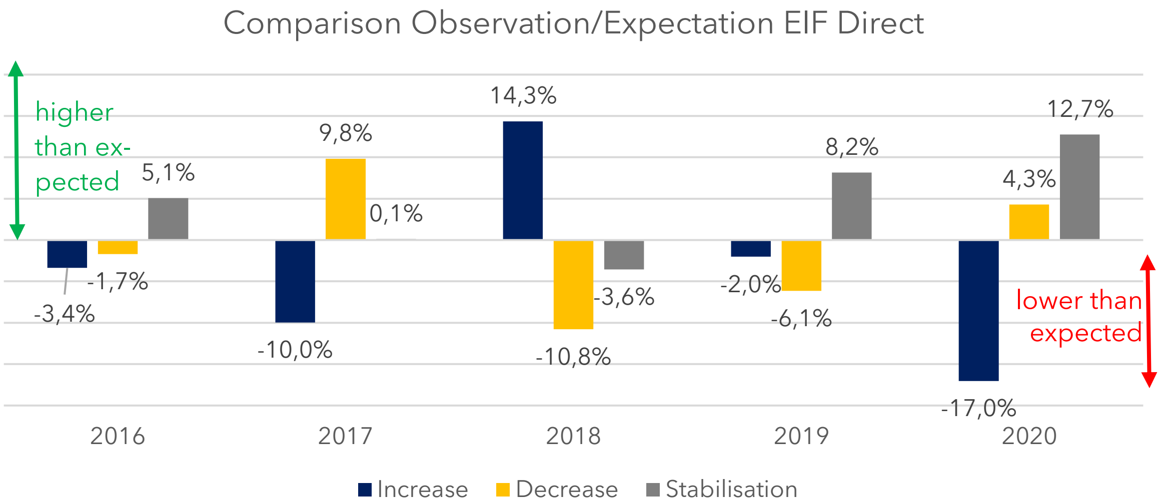
AECM members' observations reveal that in 2020, the use of direct EIF guarantees remained largely stable. **However, for 2021, half of members expect the use of direct EIF guarantees to increase and nearly half of them expect them to remain stable.** The share of members that expect the use of direct EIF guarantees to decrease hit an all-time low of 3.3%.

The comparison of expectations and observations reveals that in 2020, the use of direct EIF guarantees was much lower than expected.

Graph 4.7 : Observed (left) and expected (right) use of EIF direct guarantees in the respective countries and the comparison (centre) of the expectation with the respective effective observation







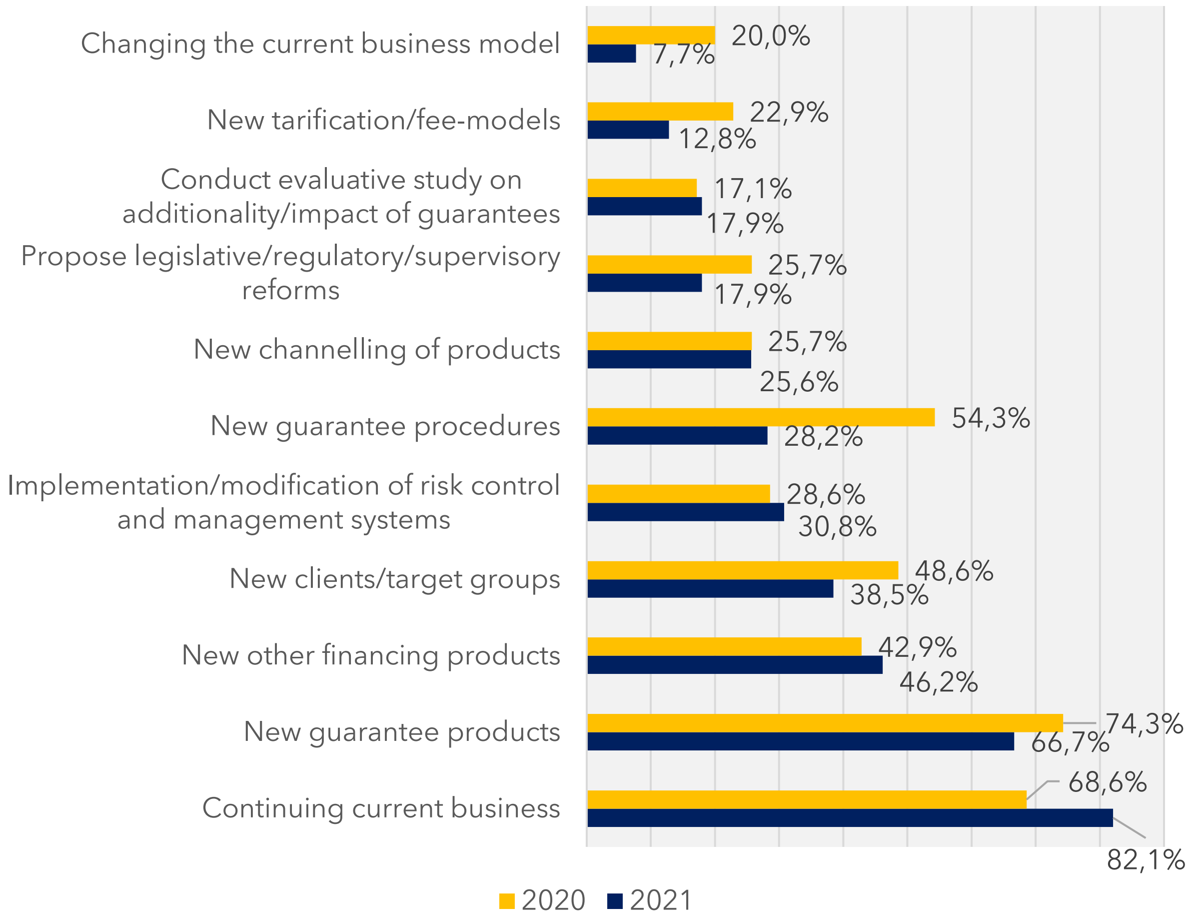
vii. Focus in 2021

After one year in second place, *"continuing current business"* is again the most important focus of AECM members in 2021. The share of members mentioning this priority increased substantially from 68.6% to 82.1%. This point is furthermore the only one that experienced a significant increase of importance. On the other side of the medal, there are quite some priorities that lost in significance with respect to last year. The most notable examples are the following:

- *New guarantee procedures* (28.2%, down from 54.3%)
- *Changing the current business model (7.7%, down from 20.0%)*
- *New clients/target groups (38.5%, down from 48.6%)*
- *New tariffication/fee-models (12.8%, down from 22.9%)*

It looks as if, following the acute stress that the pandemic imposed on SMEs and guarantee institutions, the latter see themselves turning back to and strengthening their core business. Please have a look at the detailed results below on the question about priorities.

Graph 4.8 : AECM members' focus for the years 2020 and 2021

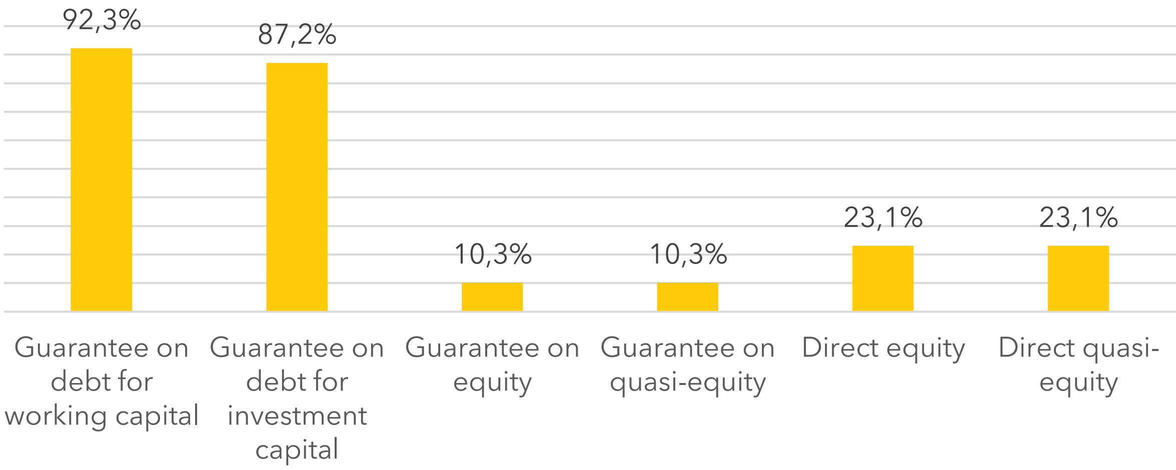


viii. Extra questions 2021

This year, we added two additional one-off questions to our survey: one regarding the types of products that our members offer to SMEs and the second one regarding the covid crisis.

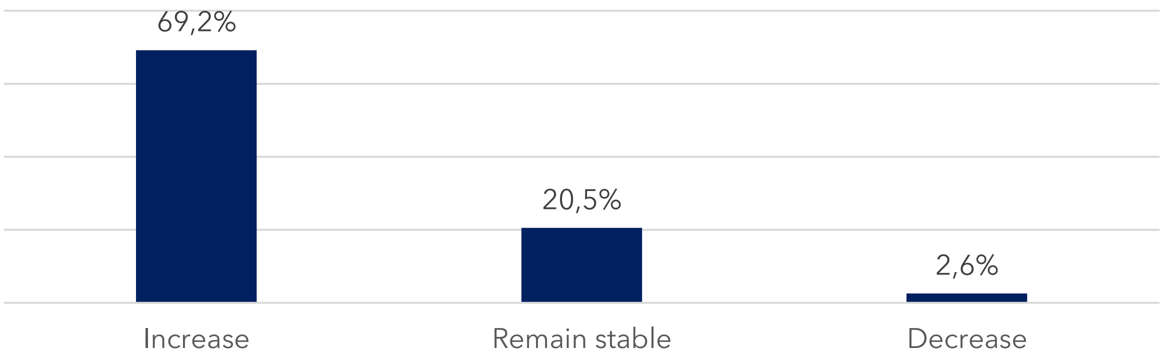
The first question reveals that almost all AECM member (92.3%) offer guarantees on debt for working capital. Guarantees on debt for investment capital is slightly rarer in the product pallet of our members, but still very standard (87.2%). Whereas equity and quasi-equity products are offered by almost one quarter of respondents, guarantees on such products are rather the exception with only around 10% of the members offering this type of products. Please have a look at the detailed results in the following graph.

Graph 4.9 : Products offered by AECM members



Furthermore, we asked our members about their expectations regarding the development of default rates of outstanding guaranteed loans in 2021. A clear majority of more than 2/3 of respondents expect default rates to increase. 20.5% of them expect them to remain stable and only 2.6% of them expect default rates to decrease in 2021. The detailed results are depicted below.

Graph 4.10 : Expected development of default rates in 2021



ix. Comments

As every year, we asked our members to tell us more about the development of the guarantee activity within their respective organisations. Here are their replies:

- **aws/AT** expects guarantees to become more important because the loan portfolios of banks will worsen, therefore more RWA will be necessary, and guarantees might increase. They furthermore reported on the implementation of new types of guarantees as well as on their expectation for an increase of defaults. Nonetheless, they state that new types of guarantees (100%-payment guarantees) need new forms of default procedures. Last but not least, aws expects green investments and therefore also Environmental, Social and Governance (ESG)-criteria to become more important.
- In **Flanders/BE** our member **PMV/z Waarborgen** launched a specific covid-guarantee which was rarely used by the banks (they used federal government measures). Nonetheless, banks tend to take less risk and apply more often for a government guarantee due to the uncertain economic situation. The challenges for 2021 are the compliance with new legislation, the introduction of new products and of a new IT system.
- For the **Wallonian part of Belgium**, our member **SOWALFIN** introduced a guarantee of the European Guarantee Fund (EGF) on subordinated loans covering 70% of a loan and being uncapped. Under this programme it is expected to generate loans at an amount of mEUR 100 in 2021. With the "prêt ricochet" programme, SOWALFIN introduced an automatic (decision delegated to bank), very flexible mixed product (guarantee and subordinated loan at 0%). Furthermore, they increased the "Prêt coup de pouce" which is a subordinated loan granted by an individual (up to kEUR 125 per individual and up to kEUR 250 per company) to a company benefiting from a fiscal advantage and a fiscal protection (30%) in case of default.
- Our **Czech** member **CMZRB's** support of SMEs was significantly higher in recent months due to the covid crisis. The goal for 2021 is to become an efficient implementing partner under InvestEU.
- The crisis caused by the corona pandemic also had a strong impact on the **Finnish** economy and, since mid-March 2020, also has been affecting **Finnvera's** financing, strategy and organisation. In spring 2020, Finnvera's domestic financing authority was increased from bEUR 4.2 to 12 by an amendment to the law. Finnvera and commercial banks created an operating model in which customers primarily deal with their own bank and in which Finnvera focused on guaranteeing loans granted by banks, and the emphasis here was on the so-called standardised guarantee products. A "fast track" process was introduced as well. The cooperation made it possible to meet the demand for

financing. This was also thanks to a top-up of the subscription to the COSME LGF.

- **EDC/FR** informed us that they are planning to subscribe to the EGF programme.
- **SIAGI/FR** progressively expanded access to its guarantees via the "Garantie-Pro portal", currently only dedicated to credit amounts between kEUR 5 and 50.
- **MVA/HU** informed that they just signed an agreement with the EIF for a counter-guarantee programme for the creative sector with a view to strengthening their activity in this field in 2021.
- Our **Irish** member **SBCI** is working on a maximum six year financing product (investment and liquidity) using EGF to replace the three year working capital schemes using InnovFin SMEG. Furthermore, they are applying for Implementing partner status under InvestEU.
- In 2021, **KCGF/XK** will work on the development of new products such as guarantees for women in business, start-ups, RE-Solar and EE and specific sectors such as production, services (including HORECA), agriculture and trade, all in the frame of the national Economic Recovery Package. Guarantee windows for production, services (including HORECA), agriculture and trade, were implemented at the beginning of the year, whereas the development of the windows for start-ups and RE-Solar and EE have been initiated. KCGF is in process of a capital increase which will be supported by the government of Kosovo (through an EIB loan). The capital increase will support development of new products for strategic sectors and under-served categories under the Economic Recovery Package. In addition to the guarantee products, as a part of its social responsibility, KCGF is supporting the partner financial institutions to develop Environmental and Social Management Systems. This is one of KCGF's important 2021 goals and is expected to be implemented by late June 2021.
- Our **Latvian** member **ALTUM** offers dedicated Covid-19 instruments. These, however, are not as demanded as planned. Furthermore, they reported on the introduction of a new combined instrument for the creative sector (loan with a grant).
- **Garfondas/LT** informed us about a new financial instrument based on loans using EAFRD and national budget which is set to start in Q3 of 2021.
- **INVEGA/LT** reported on the prolongation of the Covid guarantee scheme for damaged sectors (tour operators) as well as on progress with direct loans for damaged sectors and subsidies. Moreover, they are setting up a new product offering guarantees on companies' bonds, they are modifying existing guarantee schemes and work with new financial intermediaries.

- **MPME/LU** reports that as long as state aid schemes to SMEs in relation to the pandemic continue, its real negative economic impact will not be known. Furthermore, they informed us about the ongoing digitalisation of their operational processes.
- **MDB** reported that in **Malta** a good number of businesses were forced to take up loans to meet urgent working capital requirements which are normally financed through short term overdraft facilities. Many requested moratoria on existing loan repayments together with the reduction in business revenue. It will prove to be highly difficult for businesses to get new investment loans from banks. MDB offers co-financing with a partial guarantee scheme. Collaborations with the EIF regarding the EGF and with the Managing Authority on the Member State Compartment under InvestEU are foreseen.
- **RVO/NL** is currently working on setting up an alternative financing fund and a deep-tech fund together with Invest-NL and the EIB Group. Regarding the pandemic, our Dutch member is afraid that a lot of companies will not make it to the end of the crisis.
- **BGK/PL** expects the effects of the Covid-19 outbreak to be long-term for the economy and that they will require specific national and EU support measures. In 2021, BGK is working on guarantees for leasing to SMEs as well as on guarantees to individuals for thermo-modernisation (Clean Air Programme).
- **FGCR/RO** informed us that they succeeded last year to develop an online tool through which the banks can send directly their guarantee application.
- In the context of the economic situation generated by the Covid-19 pandemic, banks preferred to access the guarantees granted by **FNGCIMM/RO** through government programmes (as state guarantees) and less the guarantees granted from the Fund's own sources (state guarantees offering a better credit risk protection). Thereby, the volume of the guarantees granted from FNGCIMM's own sources (in the name and on the account of FNGCIMM) decreased during last year while the volume of the guarantees granted by FNGCIMM (as a whole, including the state guarantees) increased.
- **FRC/RO** informed us that credit standards remained almost the same, despite the tendency of some institutions to introduce more prudent criteria for SMEs financing. The IMM Invest Programme and other measures implemented to support businesses affected by the pandemic crisis were well received and accessible. There are businesses that saw a significant increase, mainly the ones with an online exposure and retail platforms or those ones which quickly made the switch towards online services. On the other hand, restrictions due to Covid-19 led to a sharp reduction of (international) tourism, partially balanced by a significant increase in domestic tourism. For exports, restaurants and other related businesses, the uncertainty remains and,

despite the success of the current stage of the national vaccination programme, it is difficult to make predictions. With a view to the new InvestEU programme, FRC undergoes the pillar assessment in order to become an implementing partner – the company is prepared for the kick-off of the audit process.

- Our **Muscovite** member **FSECA/RU** reported on the set-up of new products and support measures (guarantees) for start-ups. The idea is to set up some kind of B2B crowd-investing platform for SMEs where SMEs provide financing to other SMEs.
- Due to Covid-19, the demand for guarantees was much higher than the available supply on behalf of **SEF/SI**. However, there were more guarantees issued for lower values, as SEF has launched the new financial line of Covid-19 guarantees. Moreover, SEF reported that digitalisation of processes became more important than ever.
- In 2021, **SRDF/SI** will continue to implement liquidity loans for Covid-19 support. However, a new guarantee programme will probably not be set up this year.
- The improvement of its rating system as well as advancing with digitisation are in the focus of **CESGAR/ES** for 2021.

V Impact Studies & Research

Guarantee institutions are accountable towards their shareholders and to providers of any kind of counter-guarantee or similar support. That is why they engage more and more in the evaluation of their activities and this with the aim to demonstrate their positive impact on the economy.

This section presents in the following a selection of recently published impact studies.

Macroeconomic effects of the activity of guarantee banks in the new Länder

This study (in German: "Gesamtwirtschaftliche Effekte der Tätigkeit von Bürgschaftsbanken in den Neuen Bundesländern") by professors Hennecke and Neuberger undertakes a cost-benefit-analyses of loan/equity guarantees granted between 1991 and 2015, using data from five guarantee banks in Eastern Germany as well as data from enterprise and bank surveys.

The study defines **"macroeconomic benefit"** as the additional investment triggered by overcoming credit constraints enabling higher macroeconomic output and higher employment. The calculation goes as follows:

Guarantee

+ Non-guaranteed part of a loan and own resources

+ Deadweight effects[15] to be deducted

= Investment impulse

+ Income, feedback and spill over effects (multiplier effect)

The **"macroeconomic cost"** includes the following components :

1) the default of guaranteed exposure,

2) the misallocation of scarce resources,

3) the distortion of competition and crowding out of non-supported companies,

4) the support for inefficient companies with structural overcapacity.

However, these costs are relativised by the following factors matching the above-listed costs with the same number: 1) default is not a cost from a macroeconomic point of view, since it is compensated by "lower cost" to other creditors, 2) default

[15] Deadweight effects : companies that would also have received finance without a guarantee.

rates of the supported and comparable non-supported companies are similar, 3) guarantee banks mainly support companies with a competitive disadvantage, 4) support goes only to viable companies.

As a result, the **macroeconomic benefits are found to be considerable due to increased production and employment and macroeconomic costs are found to be negligible**. Furthermore, the **study calculates an increase of the real GDP of about EUR 1.2 per EUR 1 of a guarantee in the first seven years after funding**. The study moreover estimates the effect on employment in the concerned German federal states. According to this estimation, the number of persons that would not be employed if the guarantee had not been granted amounts to 6,000 in Berlin, 9,500 in Brandenburg, 5,500 in Mecklenburg-West Pomerania, 6,900 in Saxony-Anhalt and 8,200 in Thuringia.

The study formulates the following **policy recommendations: preference should be given to instruments that are not distorting the market mechanism, that are not inducing deadweight effects and that are keeping the budgetary burden on the government low**. According to these criteria, the German system of regional private guarantee banks, which share the credit risk with the lending banks and the state, is an efficient solution. Lastly, it is stated that the optimal coverage ratio varies with the state of the bank and the economy. In order to stabilise lending to SMEs, it should be increased in an economic downturn.

Access the full article here.

The added value of Guarantee Banks and (Counter-)Guarantees for SMEs – a literature overview

This study (in German: "Der Mehrwert von Bürgschaftsbanken und (Rück-)Bürgschaften für KMU: ein Literaturüberblick") by professor Neuberger presents and summarises the results of nine impact studies on the German guarantee banks as well as of 34 studies on guarantee schemes in other developed countries.

The study starts by presenting the theoretical justification of guarantee institutions. **According to the theory of credit rationing in markets with imperfect information, a market failure exists in the area of SME financing.** This is particularly true for high-risk enterprises (start-ups, small businesses). **This market failure may justify a state intervention in form of guarantees**, allowing to increase welfare through the following four channels:

- By correcting information-related market failures
- By unlocking positive externalities from entrepreneurial dynamism
- By correcting inequalities in income or wealth
- By reducing risk of default in a recession

The study further argues that public (counter-)guarantees are to be preferred over investment grants/public investment loans since they are less distortive and more in line with market conditions.

Turning to empirics, the study stipulates that added value of guarantee schemes is usually measured in terms of financial and economic additionality. The main challenge in most studies is the identification of a suitable control group. This is crucial, for the quality of a study depends on the modelling of counterfactuals. The literature review is summarised in the following table.

Table 1 : Empirical evidence for the effectiveness of guarantee institutions

Study	Geo	Data[a]/ Methodology	Financial additionality	Microeconomic additionality	Macroeconomic additionality	Results
Schmidt, Elkan (2006)	DE	B, U/ Macroeconomic simulation model	60%/82%[b]/95%[c] credits+, 40% interest-, 43% information+	67%[b]/72%[c]/79% investments+, 22%[b] investment volume+, 60% jobs+, per guarantee 7.5 jobs+, default rate-	Net benefit+, GDP multiplier 3.2, investment multiplier 2.1	
Kramer (2008)	DE	B, U/ Simulations	67% security+, 33% information+	Per mEUR 1 of counter-guarantee mEUR 64.1 investments+ and 2,000 jobs+		
Neuberger, Räthke (2008)	DE	U/ Descriptive	50% credits+, 23% credit volume+, 9% interest-, 16% credit volume+, after support 71% credits+	61% turnover+, 59% market share+		
Zecchini, Ventura (2009)	IT	B, C/ OLS, IV, DID	Credits+, interest-	Default rate-		
Columba et al. (2010)	IT	K, U/ OLS	Interest-, information+			
Crowling (2010)	UK	U/ Matching, regressions, cost-benefit-analysis	Credits+	Investments+, turnover+, employment+, productivity+	GDP+, net benefit+, GDP multiplier 1.05	
Federal ministry of economy and technology (2010)	DE	U/ Descriptive	90% credits+, interest-			
Garcia-Tabuenca, Crespo-Espert (2010)	ES	A, B/ ANOVA, Kruskal-Wallis, factor and regression analyses	Credits+, interest 0	Productivity+		
Lelarge et al. (2010)	FR	A, B/ Matching model	Credit volume+, interest-	Turnover+, employment+, default rate+		
Schmidt, Elkan (2010)	DE	B, U/ Macroeconomic simulation model		71%[b]/60%[c] investments+, 31% turnover+	Net benefit+	

Althammer et al. (2011)	DE	B, U/ Descriptive	67% credits+, interest-, information 0	100%[c] investments+	GDP+, employment+	
Mistrulli et al. (2011)	IT	A, U/ OLS, Probit	Credit volume+, interest-	Default rate+		
Allinson et al. (2013)	UK	U/ Matching, OLS, cost-benefit-analysis	Credits+	Growth+, employment+	Net benefit+, GDP multiplier 7.1	
Bartoli et al. (2013)	IT	C/ IV	Credits+, information+			
Valentin, Henschel (2013)	DE	U/ Descriptive	68% credits+, 68% regular information+, 49% information+, 43% credit relation+			
Boschi et al. (2014)	IT	B, C/ DID	Credits+/-			
Asdrubali, Signore (2015)	CE-SEE	A, C/ PSM, CEM, DID		Turnover+, employment+, short-term productivity-		
Holtemöller et al. (2015)	DE	Macroeconomic simulation model			Net benefit+, GDP multiplier 1.3-1.5	
Briozzo, Cardone-Riportella (2016)	ES	A/ ATE		Assets+, turnover+, assets/turnover+, employment+, turnover/employment+		
Gai et al. (2016)	IT	B, C/ Logit		Default rate+		
Neuberger et al. (2017), Hennecke et al. (2019), Hennecke, Neuberger (2020)	DE	B, K, U/ Macroeconomic simulation model	59%/63%[b]/89%[c] credits+, 19% credit volume+ and interest-, 6% credit volume 0 and interest-, 15-25% credit volume+,85%[b]/78%[c] interest-, 35%[b]/36%[c] information+, after support 84% credits+, 57% interest-	70% turnover+, employment+, default rate-	Net benefit+, GDP multiplier 1.15-1.22	
Bertoni et al. (2018)	FR	A/ PSM, CEM, DID		Assets+, turnover+, employment+, default rate-, productivity +/-		
De Blasio et al. (2018)	IT	B, K/ RDD	Credits+, interest 0	Investments 0, default rate+		
Duarte et al. (2018)	PT	A, B/ Regressions	Long-term credits+			
Rodrigues et al. (2018)	PT	A, B/ DID, Input-output-analysis	Credits+, interest-, information+	Investments+, employment+, short-term profitability-, default rate-	GDP+	
Bertoni et al. (2019)	BE, DK, FI, IT,	A, C/ PSM, CEM, DID		Assets+, turnover+, employment+,		

	LU, NL, NO, SE			immaterial assets+, default rate-		
Brault, Signore (2019)	EU	A, C/ PSM, CEM, DID		Assets+, turnover+, employment+, immaterial assets+, default rate-		
Martín-García, Santor (2019)	ES	A/ OLS, PSM	Credits+	Turnover+, investments+		
Ciani et al. (2020)	IT	C/ IV	Credits+, interest-			
D'Ignazio, Menon (2020)	IT	B, K/ IV	Long-term credits+, interest-	Investments 0, default rate+		

[a] A : Administrative data, B : Guarantee institution data, C : Commercial data, K : Credit bureau data, U : Survey data; [b] established companies, [c] start-ups, [d] company takeovers; positive, mixed, negative results; table based on Neuberger (2020), adapted by AECM.

Given the proven positive impact of guarantee schemes, the study suggests that an extension of (counter-)guarantees to deal with the covid crisis should have significant macroeconomic added value. However, benefits and costs depend largely on the institutional design of a guarantee system. This would be positively influenced if it contains incentives for banks not to neglect credit assessment and monitoring as well as incentives for enterprises to use the support only when needed.

Access the full article here.

Public guarantees: a countercyclical instrument for SME growth. Evidence from the Spanish Region of Madrid

This study by Rodrigo Martín-García and Jorge Morán Santor analyses the effects of public credit guarantees on SME business activity and investment focussing on the activities of CESGAR/ES member Avalmadrid. It compares growth of turnover and assets of organisations benefitting from a guarantee to that of comparable businesses (in terms of size and activity) using the propensity score matching (PSM) technique.

As a result, the performance among companies that benefitted from guarantees was, on average, 4.71% higher than among those that did not. The stimulus was greater in the first period (2009-2011), when credit was tighter, than in the second (2012-2015). Furthermore, the effect of the guarantees on turnover was greater in the year in which they were granted than across the entire period. Guaranteed companies increased their assets on average by 3.44% more than non-guaranteed organisations. During the recession, guaranteed companies' assets grew by 5.36% more than those of their non-guaranteed counterparts.

To sum up, **the study shows that guarantees allow for the relaxation of credit constraints both, during a recession and in normal times. The assessment notably finds that mutual guarantee schemes constitute a greater stimulus during a recession which underlines the countercyclical role of guarantee institutions. Furthermore, it suggests that the positive impact is greatest on microenterprises and that some industries such as manufacturing, construction, wholesaling, and retailing were more responsive to the stimulus.**

Access the full article here.

Credit Guarantees in the COVID-19 crisis – Relevance and Economic Impact

This article was drafted by Julien Brault and Simone Signore from the EIF. It recalls that EIF research on the impact of EU guarantees between 2002 and 2016 supports the view that this policy instrument promotes the growth of SMEs and reduces their default rates.

The article states that as of mid-April 2020, the pallet of covid-related fiscal measures for a broad range of countries exposes the prevalent role of credit guarantees, with a budget of bEUR 1,600 by European states. As for the European Union, since 1998, it guaranteed over bEUR 50 loans, through several generations of multi-annual financial programmes ("G&E", "MAP", "CIP" and "COSME"). The EIF implements and manages these programmes, thereby reducing credit risk for its partner institutions. This allows to alleviate market failures in SMEs' access to finance, and supports technology, innovation, growth and employment.

The positive effects of these credit guarantee programmes on SME growth and survival have been demonstrated in several previous studies using a combination of propensity score matching (PSM) and difference-in-differences (DID) to compare beneficiary firms to similar firms which did not receive guarantees (the counterfactuals). One of these studies is presented in the AECM Statistical Yearbook 2019. It found that **EIF-guaranteed loans increased firms' assets from 7 to 35%, sales from 6 to 35%, and employment from 8 to 30% and that firms were less likely to go bankrupt. Furthermore, it showed that the ratio of intangible assets to total assets, indicating the innovativeness of firms, increased by 1/3.** The effect on productivity, however, was found to be ambivalent.

The study compares these results with those of similar impact studies and concludes that the existing literature supports the view that credit guarantees help maintain and increase growth and employment at the firm-level. It suggests that guarantee programmes at European level as a response to the pandemic situation may at least partially offset the heterogeneous fiscal responses across European countries. Since they have a relatively larger impact on the most credit-constrained firms, they might benefit more those regions that are hit hardest by the crisis. The study argues that by expanding the number and/or the size of loans available to SMEs, they may contribute to a significant economic impact.

Access the full article here.

Report of the European Court of Auditors on the performance of the EU budget – Status at the end of 2019

This ECA report investigates among others the performance of the European Fund for Strategic Investment (EFSI) and finds that **the programme is on track to reach its targets, in particular to mobilise bEUR 500 of investment. It estimates that the targeted multiplier effect of 15x will be achieved.** The study further recalls that past audits and evaluations reported on a few cases where EFSI has supported projects that could have been financed from other sources, although under different financing conditions and that multiplier calculations in some cases have been overstated. These shortcomings, however, are addressed by the Commission and the EIB Group.

Access the full report here.

Public loan guarantees and bank lending in the COVID-19 period

This ECB report drafted for the ECB Economic Bulletin by Matteo Falagiarda, Algirdas Prapiestis and Elena Rancoita investigates the role that public loan guarantees played during the pandemic. These were launched on a very broad basis in order to help banks accommodate the surge in loan demand at favourable conditions.

The take-up of these schemes has been highly heterogeneous across countries with higher recourse in Spain and France, while lower amounts have been taken up in Italy and Germany. Since the launch of covid support programmes in spring 2020, firms have drawn down around bEUR 120 in guaranteed loans in France and around bEUR 100 in Spain. Relative to the gross indebtedness of non-financial corporations, the take-up has been highest in Spain (about 11% of gross indebtedness), followed by France (about 5% of gross indebtedness). By contrast, the take-up has been more moderate in Italy (around bEUR 55, i.e. about 4% of gross indebtedness) and in Germany (around bEUR 45, i.e. about 2% of gross indebtedness). With regard to the sector, the report indicates that **SMEs in the sectors that are most affected by the crisis seem to have benefited the most from public loan guarantee schemes.** The take-up has been highest in the trade, transport and food services sectors.

The report observed that during the first lock-down, gross flows of guaranteed loans were higher than overall net lending flows, which implies a shift from non-guaranteed loans to guaranteed loans.

The maturity, conditions, and size of recent bank lending points to a positive impact of loan guarantee schemes. While short-term loan flows have been generally negative during the Covid-19 period, the flows of medium and long-term loans – maturities which are typically backed by guarantees – have increased notably. Furthermore, strong new lending flows have been recorded for small loans (below mEUR 1). **Public loan guarantees have also contributed to preserving favourable financing conditions, which can be seen in the historically low levels of lending rates (especially for the types of loan typically backed by guarantees), as well as in the broadly unchanged credit standards.**

Finally, the study cautions against terminating public guarantee schemes prematurely and too abruptly. This would risk precipitating severe liquidity squeezes for firms and triggering bankruptcies, depleting bank capital. On the other hand, it adds for consideration that if the policy support were to be kept up for too long, this would hamper the allocative efficiency and reduce the productive capacity by artificially keeping afloat firms that are not viable or sufficiently profitable.

Access the full article here.

Potential impact of government loan guarantee schemes on bank losses

This ECB report prepared by Ugo Albertazzi, Martin Bijsterbosch, Maciej Grodzicki, Julian Metzler and Aurea Ponte Marques investigates the impact of public credit guarantee schemes for Covid-19 support. It states that estimates considering four scenarios for economic growth and corporate cash flows indicate that **loan losses might be reduced by between 15 and 20% for the euro area if available guarantee schemes are fully deployed.** The activation of guarantees would allow for the transfer of about 1/3 of the losses that would still arise to governments. Moreover, banks would also benefit from a reduction in risk weights as guaranteed loans move to lower sovereign risk weights.

Access the full article here.

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VI Methodological and Editorial Note

i. Methodological note

Scoreboard Survey

As in the previous years, we asked our members to report data on their outstanding and new guarantee volumes and numbers as well as on the numbers of supported SMEs. Furthermore, we collected data on a yearly basis on agricultural guarantees, counter-guarantees, the use of EU programmes and coverage rates. Some additional questions were also included in the online questionnaire. The survey ran from 21st January to 26th February 2021 and was extended several times. We collected 39 out of 47 possible responses. For members who did not report their data, we used recurrent data in order to avoid a distortion of the overall development of the AECM total values.

Monetary values were reported in EUR and members that do not have the EUR as their national currency calculated the EUR values using official exchange rate of December 2020 (respectively of June 2020 for the new guarantee volume of the first semester 2020) published on the website of the European Commission.

It is important to note that the presented data refers to guarantees implemented by AECM members, i.e. it includes both – guarantees for which our members assume at least part of the risk as well as guarantees that are fully covered (explicitly and implicitly) by the respective government.

Concerning the definition of the data, we would like to remind the reader that the term outstanding guarantee is not uniformly defined across our membership base. From the Scoreboard survey 2019, we know that at the beginning of the guarantee, ¾ of the respondents include guarantees from the moment on when the underlying loan has been disbursed (only active guarantees), around 11% of the respondents include guarantees after they were granted but before the underlying loan has been disbursed. At the end of the guarantee, nearly half of the members include guarantees until the moment of the calling of the guarantee and around 40% until the moment of disbursement of the guarantee. In the H2 2020 survey, we enquired about the definition of newly granted guarantees. As a result, 15 respondents confirmed that the reported volume of newly granted guarantees of their respective organisations include refinancing operations and/or prolongations. 18 members stated that their organisations do not include refinancing operations and/or prolongations in the data concerning newly granted guarantees.

In order to calculate the share of our members' guarantee value of the GDP in their respective countries, we used the gross domestic product at market prices (current prices, in EUR) extracted from the Eurostat database. For the calculation of the share of AECM members' number of supported SMEs in relation to the amount of all SMEs in the respective countries, we used the number of enterprises that employ between 0 and 249 employees. Here, Eurostat data is only available until 2018. That is why we use recurrent data for 2019 and 2020. Both GDP and SME data are not available for all countries of AECM members. For Kosovo we used 2019 SME data of the Kosovo Tax Authority. For the United Kingdom, we used GDP data from statista.com.

Data on COSME LGF, InnovFin SMEG and CCS signatures as of end 2020 derive from EIF.

AECM members can access the complete databank in the member area under the following link: Scoreboard data H2 2020

Guarantee Activity Survey

As in previous years, we asked our members about their perception of the guarantee activity during the past year and about their expectations for the current year. This survey was undertaken between 11th February and 21st April 2021. 38 out of 47 members replied. The results of this survey are not weighted. A stabilisation is defined as growth of -1 to 1% for the purpose of comparison with Scoreboard data.

ii. Editorial note

The AECM Statistical Yearbook 2021 publication was elaborated by Felix HAAS VINÇON, Head of Unit Statistics at AECM, with the statistical data sent by the members, whom we would like to thank for their contributions. The section on agricultural guarantees was developed by Felicia COVALCIUC, Senior Policy Officer for Agricultural Policies at AECM. A big thank you also for her great support. Furthermore, we thank Peter SLEECXK, Chairman of the AECM Working Group Statistics and Impact, Katrin STURM, Secretary General of AECM, Jean-Louis LELOIR, Special Advisor to the AECM Board of Directors and Miguel SOUSA BRANCA, Rapporteur of the AECM Working Group Statistics and Impact, for their important support.

Glossary

Abbreviations

ANOVA	Analysis of variance
ATE	Average treatment effect
CCS	Cultural and Creative Sector
CEM	Coarsened exact matching
CIP	Competitiveness and Innovation Framework Programme
COSME LGF	Competitiveness of Enterprises and Small and Medium-sized Enterprises Loan Guarantee Facility
DID	Difference-in-difference
EAFRD	European Agricultural Fund for Regional Development
ECA	European Court of Auditors
ECB	European Central Bank
EE	Energy efficiency
EFSI	European Fund for Strategic Investment
EGF	European Guarantee Fund
EIB	European Investment Bank
EIF	European Investment Fund
EU	European Union
EUR	Euro - kEUR, mEUR, bEUR (respectively thousand, million, billion)
ESG	Environmental, social, governance
GDP	Gross domestic product
HMT	Her Majesty's Treasury
HORECA	Hotel/Restaurant/Café – Hospitality sector
IV	Instrumental variables
MAP	Multi-Annual Programme
OLS	Ordinary least squares
PGE	Prêt garanti par l'Etat (State guaranteed loan)
PSM	Propensity score matching
RDD	Regression discontinuity design
RE	Renewable energy
RWA	Risk weighted assets
SME	Small and medium-sized enterprises
SMEG	SME Guarantee Facility
SUR	Seemingly unrelated regressions
TF	Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak

Member list

AT	aws Austria Wirtschaftsservice GmbH NÖBEG Niederösterreichische Bürgschaften und Beteiligungen GmbH
AZ	MCGF Azerbaijan Mortgage and Credit Guarantee Fund
BE	Fonds Bruxellois Fonds Bruxellois de Garantie-Brussels Waarborgfonds PMV/z Waarborgen Participatie Maatschappij Vlaanderen SOWALFIN Société walonne de financement et de garantie des PME
BA	GF Srpska Guarantee Fund of the Republic of Srpska
BG	NGF National Guarantee Fund MGFSME Sofia Municipal Guarantee Fund for SMEs
HR	HAMAG-BICRO
CZ	CMZRB Českomoravská záruční a rozvojová banka
EE	KredEx
FI	Finnvera
FR	Bpifrance Banque publique d'investissement EDC Européenne de Cautionnement SIAGI Société de caution mutuelle pour les petites entreprises SOCAMA Société de caution mutuelle artisanale
DE	VDB Verband Deutscher Bürgschaftsbanken
GR	HDB Hellenic Development Bank TMEDE Greek Engineers and Public Works Contractors Fund
HU	AVHGA Rural Credit Guarantee Foundation Garantiqa MVA Hungarian Foundation for Enterprise Promotion
IE	SBCI Strategic Banking Cooperation of Ireland
IT	Assoconfidi ISMEA Istituto di Servizi per il Mercato Agricolo Alimentare
XK	KCGF Kosovo Credit Guarantee Fund
LV	ALTUM
LT	Garfondas Agricultural Credit Guarantee Fund INVEGA Investiciju ir verslo Garantijos
LU	MC Mutualité de Cautionnement MPME Mutualité des PME
MT	MDB Malta Development Bank
NL	RVO Rijksdienst voor Ondernemend Nederland
PL	BGK Bank Gospodarstwa Krajowego
PT	BPF Banco Português de Fomento
RO	FGCR Romanian Rural Credit Guarantee Fund FNGCIMM National credit guarantee fund for SMEs FRC Fondul Roman de Contragarantare S.A.
RU	FSECA Fund of Small Business Credit Assistance of Moscow
RS	GF Vojvodina Guarantee Fund of the Autonomous Province of Vojvodina
SI	SEF Slovenian Enterprise Fund SRDF Slovenian Regional Development Fund
ES	CESGAR Confederation of Spanish Mutual Guarantee Societies
CH	NSGI Network of Swiss Guarantee Institutions

TR	KGF Kredi Garanti Fonu TESKOMB Türkiye Esnaf ve Sanatkarlar Kredi ve Kefalet Kooperatifleri Birlikleri Merkez Birliği
UK	BBB British Business Bank

Country code

AT	Austria	DE	Germany	PL	Poland
AZ	Azerbaijan	GR	Greece	PT	Portugal
BE	Belgium	HU	Hungary	RO	Romania
BA	Bosnia and Herzegovina	IE	Ireland	RU	Russia
		IT	Italy	RS	Serbia
BG	Bulgaria	XK	Kosovo	SI	Slovenia
HR	Croatia	LV	Latvia	ES	Spain
CZ	Czechia	LT	Lithuania	CH	Switzerland
EE	Estonia	LU	Luxembourg	TR	Turkey
FI	Finland	MT	Malta	UK	United Kingdom
FR	France	NL	Netherlands		

About us

The 48 members of the **European Association of Guarantee Institutions (AECM)** are operating in 31 countries in Europe. They are either private /mutual sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure[16]. By guaranteeing for these enterprises, guarantee institutions help to successfully address this market failure and facilitate SMEs' access to finance. The broader social and economic impact of this activity includes the following:

- Job creation and preservation of jobs by guaranteed companies
- Innovation and competition: crowding-in of new ideas leading to healthy competition with established market participants
- Structure and risk diversification of the European economy
- Regional development since many rural projects are supported
- Counter-cyclical role during crises

SME guarantees generally pursue a medium- and long-term and our members, if public, private, mutual or with mixed ownership structure, have a promotional mission.

AECM's members operate with counter-guarantees from regional, national and European level. At the end of 2020, AECM's members had about bEUR 330 of guarantee volume in portfolio, thereby granting guarantees to around 5.2 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU guarantees from the very beginning in 1998.

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