



# GLOBAL TRENDS: MULTILATERAL APPROACH AND VISION ON GUARANTEES AS DEVELOPMENT TOOL

Global Network of Guarantee Institutions, 1 May 2017

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# Long history of research

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- **Annual:** Scoreboard on SME and entrepreneurship financing
- **2013:** SME and Entrepreneurship Financing: The Role of Credit Guarantee Schemes and Mutual Guarantee Societies in supporting finance for small and medium-sized enterprises
- **2016:** G20/OECD High Level Principles on SME financing
- **Forthcoming:** Evaluating publicly supported credit guarantee programmes for SME (with EC)



## Main results

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- Credit Guarantee Schemes represent the **most widely adopted instrument** to foster SME access to finance.
- Wide cross-country range of approaches, as well as in take-up
- Have been used as a countercyclical tool
- Evidence that these schemes provide **financial additionality**
  - Raise access and/or lower costs
- Tension between additionality and **sustainability**
- Less clarity about **economic additionality**



## Recent developments

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- Design of CGS are continuously being **revised**
  - Often as a result of evaluations
- Complementing CGS with **business development services** shows promise
- Rising possibilities to first receive approval of a guarantee before loans are requested
- Experimentation with **tailored products**
  - For investments in **intangible assets**
  - Specific **innovative products**
  - **Targeting innovative SMEs explicitly**



# Open questions

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- Need for **more rigorous analysis** of the effectiveness of guarantee schemes
  - Especially when it comes to the financial sustainability of such programmes and the design of an appropriate **control group**
- Further explore the possibilities to tailor CGS?
  - Given the increasing acknowledgement that the SME population is very **heterogeneous**
- Untapped potential to **reduce the opacity of the SME sector?**
  - With the Japanese Credit Risk Infrastructure as a potential good practice
- Ideas about **financing intangibles?**