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

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Long history of research

- **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

- 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

• 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

• 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**?