



aecm
EUROPEAN ASSOCIATION OF GUARANTEE INSTITUTIONS

Statistical Yearbook 2023

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I. Foreword

In recent years, guarantee institutions and their SME clients shone by their unwavering capacity to overcome one crisis after the other. The COVID-19 pandemic and Russia's invasion of Ukraine successively fostered a volatile economic environment, which highlighted their collective capacity to adapt and overcome, from recovery to resilience. Despite the formidable challenges posed by supply chain disruptions, trade sanctions, volatile energy prices, skills shortages, and increasing inflation, guarantee institutions and their SME clients continue to adapt, innovate, and forge ahead. Their ability to overcome adversity underscores their importance as engines of economic growth.

As economic uncertainty is at an exceptionally high level, AECM members remain at the side of SMEs in Europe. Guarantee institutions continue to exhibit remarkable adaptability in response to changing economic conditions. As the landscape evolves, guarantee institutions swiftly recalibrate their programmes and products to meet the dynamic needs of SMEs in an uncertain and rapidly changing economic environment. Whether it's extending existing initiatives, creating new dedicated programmes, or rebranding offerings, guarantee institutions remain agile allies for SMEs, ensuring their resilience and growth. Our recently updated brochure on support products beyond standard debt guarantees showcases our members' innovative and alternative financing solutions to their SME clients.

Economic uncertainty is further exacerbated by the underlying crisis of climate change, which progressively reveals its terrifying magnitude. In this context, all economic actors – ranging from large corporations to small businesses – face the pressing mandate to embrace sustainability through the greening of their activities. This imperative extends naturally to SME clients, who represent the backbone of our economy. Guarantee institutions, with their mission to promote access to finance for SMEs, remain steadfast allies in this transition, with the delicate position of balancing economic viability and environmental responsibility. Our brochure on the role of guarantee institutions in the sustainable transition presents the wide variety of our members' dedicated products on sustainability.

At macroeconomic level, the spring 2024 economic forecast of the European Commission underlines that **economic activity broadly stagnated in 2023**, with the **EU gross domestic product increasing by only 0.4%**, below the 1% prediction from last year. The EU economy is expected to grow by **1.0% in 2024 and by 1.6% in 2024**.

Despite the cost of public measures to cope with the war in Ukraine and its economic and social consequences, the **government deficit** in the EU increased to 3.5% in

2023 but is expected to decline to 3% in 2024 and 2.9% in 2025. The **debt-to-GDP ratio** stood at 88.6% at the end of 2023, following its historic peak of 92% in 2020. The situation on the EU labour markets is very positive with **unemployment rates** at the record low rate of 6.1% in 2023, and stabilising in 2024 and 2025. Nonetheless, prices soared in the EU with an **inflation rate** of 6.4% in 2023, with a significant decline expected for 2025 (2.7%) and 2025 (2.2%). At the end of 2023, the number of **business bankruptcy rates** were above the pre-pandemic period levels recorded between 2016 and 2019.

In this context, this new edition of the Statistical Yearbook attempts once more to **assess the strength of the European guarantee sector**, capturing the development of guarantee institutions since last year, and assessing their overall financial and economic impact at European level. According to the **AECM Scoreboard Survey**, the outstanding guarantee volume with regard to guarantees originated from and implemented by AECM members **decreased by 22.5% in 2023 reaching a level of EUR 206.5 billion**. This decrease mainly reflects the continuing phase out of COVID programmes.

The volume of newly granted guarantees is much lower than pandemic-era (2020-2022), but still significantly above the pre-pandemic levels. **During the past year, guarantee institutions issued new guarantees worth EUR 45.3 billion**.

As for the number of SMEs benefitting from support by AECM members, we observed a decline down from the peak in 2021. **At the end of 2023, 4.7 million small and medium-sized enterprises were in the portfolios of AECM members**.

According to the results of our **Guarantee Activity Survey**, the **share of AECM members that expect the guarantee activity to decrease with respect to the previous year's expectations went down from 60% in 2022 to 46,5% in 2023**. The results of the survey furthermore show that the share of members that observed an increase of **default rates in 2023 was below the 2022 expectation, but the forecast for 2024 is gloomy with more than half of members expecting default rates to increase**.

The report delves into these developments in greater detail to paint the full picture of the guarantee sector in Europe. This publication includes a review of AECM's membership base (section II), most recent developments in the European guarantee sector (sections III and IV), expectations for the future development of guarantee institutions' activities (section IV) as well as 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 offers complementary information on this publication.

We wish you a pleasant reading!

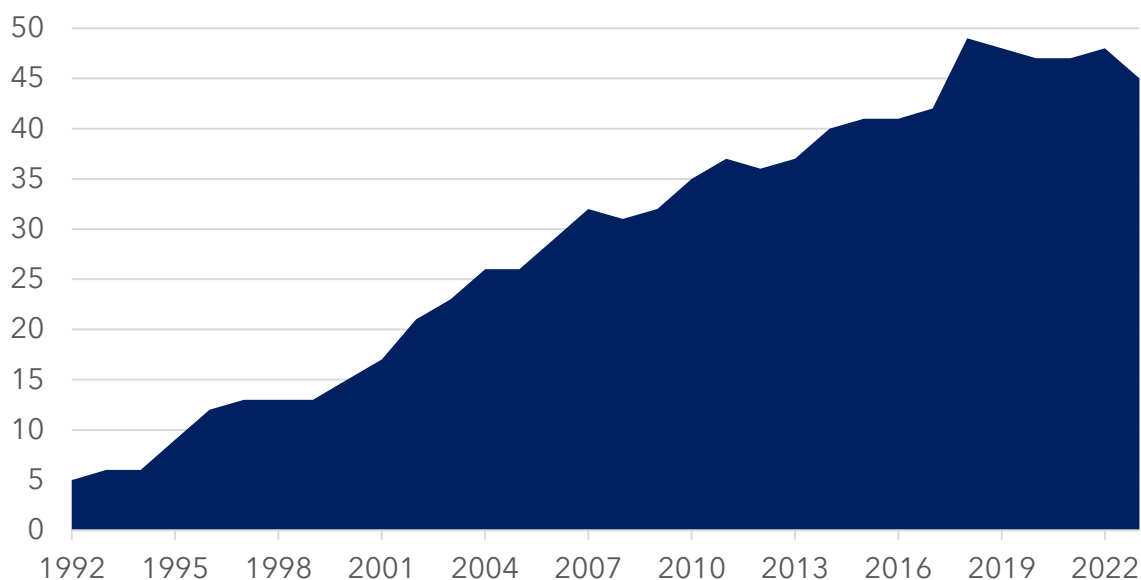
II. AECM Members

In 2023, AECM experienced several developments in the membership landscape. In February, AECM welcomed the Garanzia Etica as a new member in their individual capacity, after having interacted with the Association through our former Italian member, Assoconfidi/IT. The Sofia Municipal Guarantee Fund for SMEs left the Association. Our member Garfondas/LT was integrated into our other Lithuanian member INVEGA/LT. Furthermore, SOWALFIN/BE changed its name in January 2023 to Wallonie Entreprendre (WE) in the frame of a merger with several other regional promotional institutions.

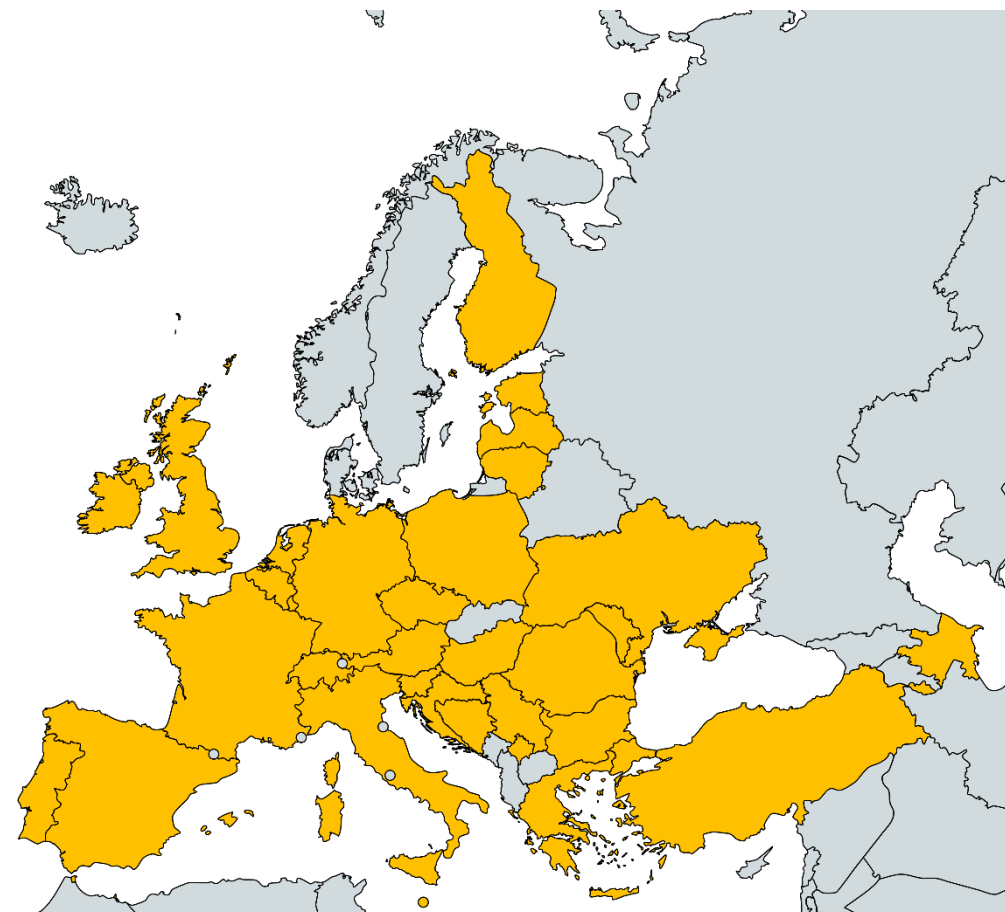
By the end of 2023, AECM comprised **45 members from 31 different countries**. 28 AECM members were public institutions, eight had a mixed ownership structure and nine members were private institutions (including mutual).

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. A list of all current 47 members (as of 07/2024) and a map can be found on the next page.

Graph 2.1: Development of the number of AECM members at year-end¹



¹ AECM was founded in 1992 by ten guarantee organisations from five countries. Five of them merged in the early 2000s which is the reason why they are counted as one from the beginning.



AT	aws NÖBEG
AZ	MCGF
BE	BGF PMV Standaard- waarborgen WE
BA	GF Srpska
BG	NGF
HR	HAMAG-BICRO
CZ	NRB
EE	KredEx
FI	Finnvera
FR	Bpifrance EDC SIAGI SOCAMA
DE	VDB

GR	HDB TMEDE
HU	AVHGA Garantiqa
IE	SBCI
IT	Fedart Fidi Garanzia Etica ISMEA
XK	KCGF
LV	ALTUM
LT	INVEGA
LU	MC MPME
MT	MDB
MD	ODA
NL	RVO
PL	BGK
PT	BPF

RO	FGCR FNGCIMM FRC
RS	GF Vojvodina
SI	SEF SRDF
ES	CESGAR
CH	NSGI
TR	KGF TESKOMB
UA	PCGF
UK	BBB

* AECM members as of July 2024

III. Scoreboard Survey

1. Recent Developments - 2023



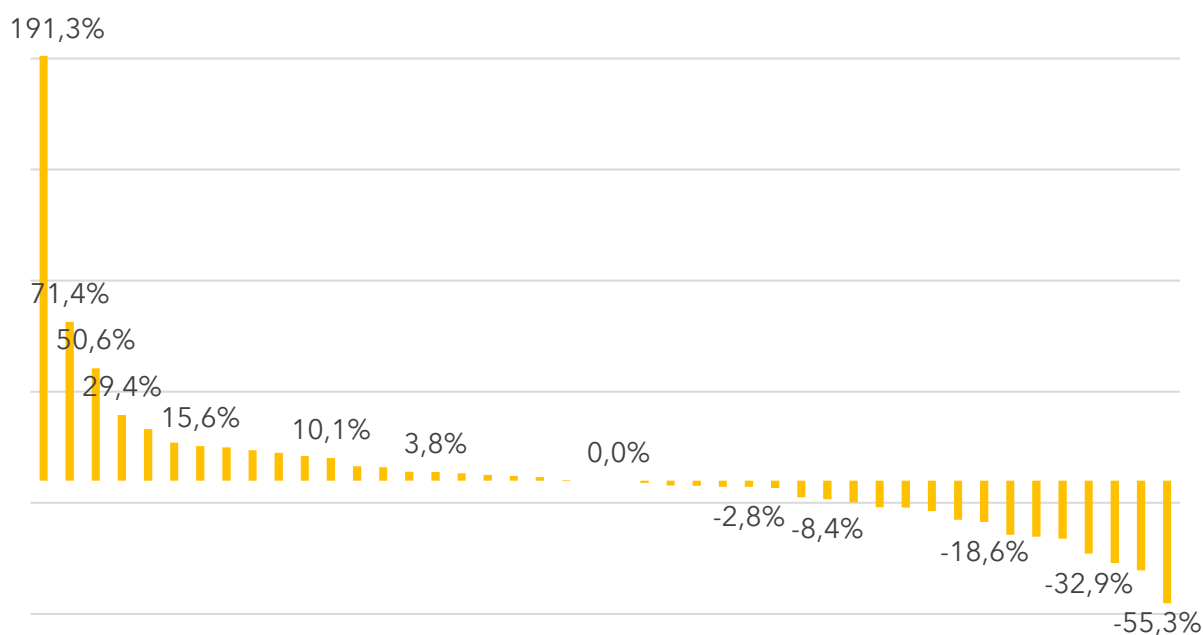
Outstanding Guarantee Volume

According to our Scoreboard Survey, **AECM member organisations all together were supporting SMEs with guarantees worth EUR 206.5 billion in 2023**. Despite a significant **drop of 22.5%** with respect to the year 2022, **the volume still remains well above the pre-pandemic level²**. This significant decrease of guarantee volumes reflects the phase out of the extensive COVID-19 support programmes as well as the early reimbursement of no more needed emergency loans. While the decrease was already important last year, with a 14.5 % drop from 2021 to 2022, it accelerated in 2023 with more than half of members (26) registering a decrease in their outstanding guarantee volume against 18 members registering an increase. The average annual growth rate was 4% and the median growth rate was at -1.8%. This indicates a skewed distribution, where a few high positive growth rates from certain members raise the average, but the majority of respondents have lower or negative growth rates, pulling the median into the negative.

Almost 50% of the outstanding guarantee volume is attributed to Bpifrance/FR, the implementing institution of the French government's PGE (prêt garanti par l'État) programme and to the British Business Bank in its role as implementer of the extensive support programme set up by His Majesty's Treasury (HMT). Their combined share is down 10 points from 2022, due to amortisation of these schemes in 2023. The third largest AECM members is ISMEA/IT, which accounts for 7.5% of the total outstanding volume in 2023.

² EUR 110 billion in 2019.

Graph 3.1: Distribution of growth rates



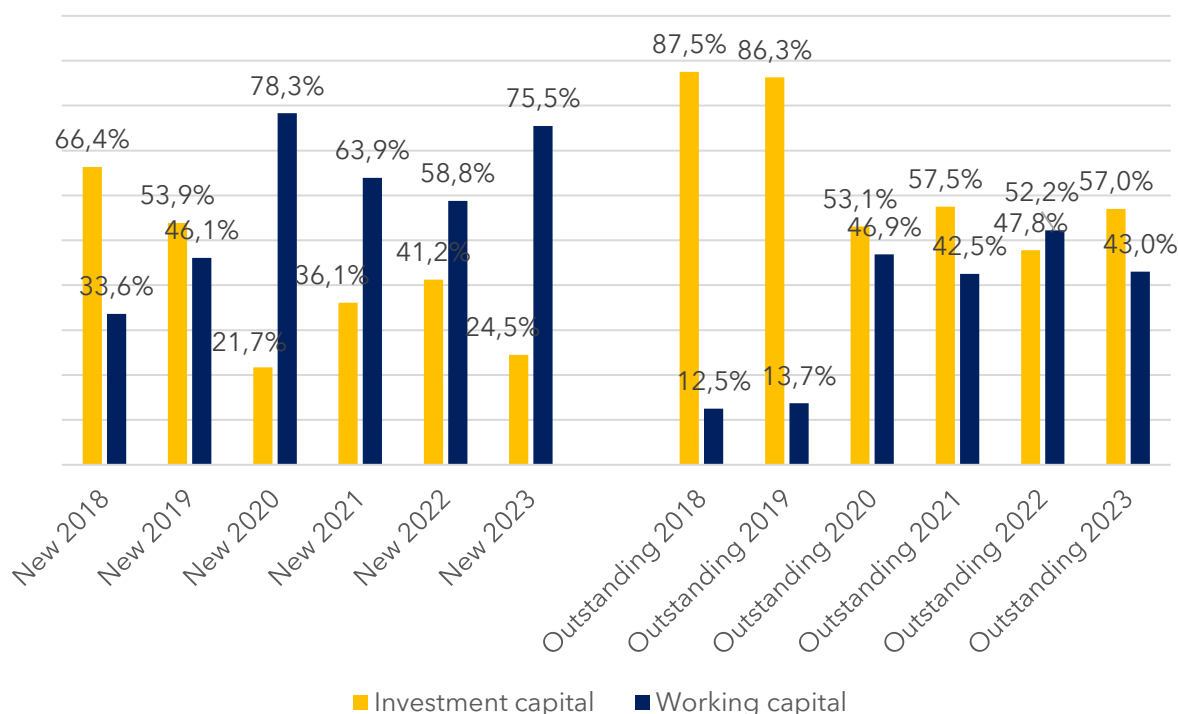
The highest percentual year-by-year increases were registered by FRC/RO (+288.8%), NGF/BG (+98.8%) and FGCR/RO (+95.6%). The strongest absolute increases could be observed for volumes of TESKOMB/TR (+EUR 897.4 million), Garantiqa/HU (EUR +884.6 million) and FGCR (+EUR 649.7 million).

The average outstanding guarantee volume decreased by 13.9% to EUR 4.59 billion and the median outstanding guarantee volume increased by 141% to EUR 1.26 billion. This indicates that outstanding guarantee volumes among our members are more evenly distributed with lower very large volumes from some members and more members having higher than previously recorded volumes.

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. 31 out of 45 respondents - representing 67.4% of the volume - reported on this distinction. As a result, 72.1% of the distinguished volume covered investment capital loans (47.8% in 2022, 57.5% in 2021, 53.1% in 2020) and the remaining 27.9% covered working capital loans (52.2% in 2022, 42.5% in 2021, 46.9% in 2020 and 13.7% in 2019). The data indicates a pronounced shift towards investment capital loans and away from working capital loans, as members progressively phase out from COVID guarantees. This strategic realignment towards long-term investments highlights a trend of SMEs preparing for future growth and stability. It is also important to note that Bpifrance, which almost exclusively provides guarantees on investment capital loans, reported the distinction for the first time, which added significant volume to the data and significantly skewed the proportions. The following graph illustrates the development over the previous years. While the importance of working capital loan guarantees significantly increased over the recent crisis years with COVID

support programmes, investment capital loan guarantees are now prevailing again like before the pandemic.

Graph 3.2: Development of the share of working/investment capital guarantees



Some AECM members specified in their responses to our Scoreboard Survey which are the drivers behind the development of their respective outstanding guarantee volumes in 2023. These are presented in the following:

- For the first time this year, **aws/AT** left out COVID-19-Bridge-Financing-Guarantees from their total outstanding guarantee volume, which explains the strong decrease in their reported volumes.
- **PMV Standaardwaarborgen/BE** observes a decrease in outstanding volume compared to last year, due to a decrease in guarantee production in 2023.
- Thanks to the automation of their guarantee products, **BGF/BE** experienced overwhelming success in 2023, thus reporting the highest ever outstanding guarantee volume since the creation of the Brussels Guarantee Fund in 1999.
- During 2023, the portfolio of **NGF/BG** increased almost twice, owing to the success of their last guarantee scheme.
- **HAMAG-BICRO/HR** saw a healthy increase in their volume of outstanding guarantees in 2023, underlining that it is now dominated by guarantees for investment capital loans, because of recovery after COVID and SMEs willing to go more into investment cycle.

- **NRB/CZ** reported a decrease in guarantee volume as many deals reached maturity, standard guarantees as well COVID-related guarantees.
- **KredEx/EE** reported a 15% decrease of outstanding guarantee volume in 2023.
- **Finnvera/FI** reported a slight decrease in 2023, and further underlined that many guaranteed transactions include both working capital and investments.
- **Bpifrance/FR** observed a strong reduction of outstanding guarantees due to the amortisation of the national recovery guarantee scheme (Prêt garanti par l'État).
- For **EDC/FR**, the volume of outstanding guarantees remained stable between 2022 and 2023.
- The volume of outstanding guarantees of **VDB/DE** also remained stable between 2022 and 2023.
- In 2023, **AVHGA's/HU** outstanding guarantee volume kept growing, although at a slower pace.
- For **KCGF/XK**, the outstanding guarantee portfolio had a slight decrease over the past year. The flow of this development was impacted mainly because of a higher repayment rate from the portfolio generated within economic recovery windows.
- **INVEGA/LT** reported that in 2023, the volume of outstanding guarantees decreased by around 19% compared to 2022. The decrease in the overall volume of outstanding guarantees was mainly due to a decrease in individual guarantees and portfolio guarantees for loans and portfolio guarantees for lease.
- **MC/LU** saw a decreasing a decreasing volume following exceptionally high demand in COVID times.
- **MDB/MT** largely attributes the decline from 2022 on the back of repayments related to the COVID-19 guaranteed loans.
- **ODA/MD** experienced a 37.5% increase in the total volume of outstanding guarantees between 2022 and 2023, which translates to the fourth largest increase among AECM members in 2023.
- Despite the ongoing conflict in Ukraine and the still-felt repercussions of the COVID-19 pandemic, the number of warranties issued by **BGK/PL** continues to grow. The ever-increasing demand has certainly been influenced by the Temporary Crisis and Transition Framework (TCTF) introduced in 2022. The TCTF and special guarantee terms, such as zero guarantee commission and extended guarantee periods. **BGK/PL** strives to adapt its guarantee offerings to the changing economic situation not only in Poland, but also globally. Therefore, the changes we have introduced result in a steady increase in interest in guarantees.

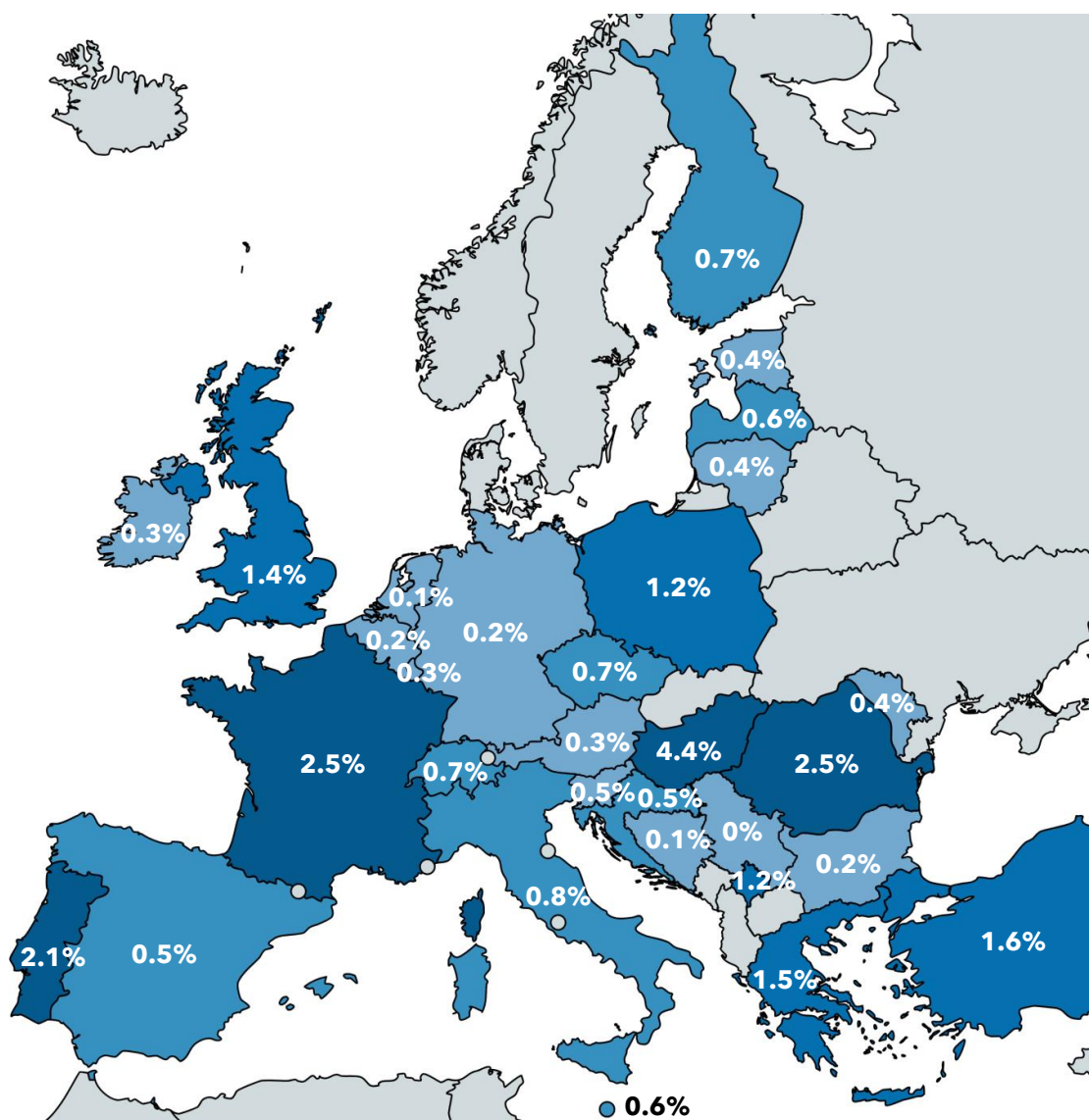
- **FGCR/RO** reported that the overall volume of outstanding guarantee was increasing significantly between 2022 and 2023, mainly due to prolongation of the IMM Invest programme.
- **FRC/RO** registered an increase in the outstanding guarantee volume over the past year.
- In 2023, **SEF's/SI** volume of outstanding guarantees did not increase, it remains relatively stable.
- **SRDF/SI** naturally saw a sharp decrease in their volume of outstanding guarantees as their guarantee scheme has been closed since 2018.
- **CESGAR/ES** experienced a 7% increase in their total volume of outstanding guarantees compared to the previous year.
- At the **BBB/UK**, overall stock continues to decrease due to amortisation of the large portfolio of COVID loan schemes.

Share of GDP

In an attempt to measure the relevance of AECM members' activity for their respective national economies, we calculated the percentage of the outstanding guarantee volume as a share of GDP. After the strong GDP decrease in 2020, the European economies recovered to reach a GDP well above the pre-pandemic level in 2023. At the same time, support programmes started to phase out which led to a significant decrease in the total outstanding guarantee volume. **The share of the overall AECM members' outstanding guarantee volume in the combined GDP of AECM countries consequently further decreased from 1.4% in 2022 to 1% in 2023³. This is still above the pre-pandemic level of around 0.7%.** We observe the highest share with 4.4% in Hungary, followed by 2.5% in France and Romania. The map below illustrates the results for the individual countries.

³ To calculate GDP ratios, we used the latest 2023 data from Eurostat. For Azerbaijan and Moldova, we used 2022 data from Statista, and for Türkiye and the United Kingdom, we used 2023 data from Statista.

Graph 3.3: Intensity map - share of outstanding guarantee volume in GDP



Number of outstanding guarantees

As already observed last year, the development in the number of outstanding guarantees is very different from the development of the outstanding guarantee volume. **At the end of 2023, AECM members had almost 6 million guarantees in their portfolios, which is only 0.6% less than in 2022**, while the decrease in volumes was 22.5% in the last year. This is mainly because larger COVID guarantees from the last previous years have been repaid or closed, while new guarantees issued are for smaller transactions.

The strongest expansion in absolute terms was registered by TESKOMB/TR (+92K units), followed by KGF/TR (+37K units). The highest percentual increase was experience by FGCR/RO, with a 100% increase over the previous year. The highest

number of outstanding guarantees is held in the portfolio of BBB/UK (1.68 million units), followed by Bpifrance/FR (1.25 million units) and TESKOMB/TR (0.8 million units).

The average size of outstanding guarantees continued its descent from its peak in 2020, down to EUR 34.9K in 2023. The highest average amount could be observed for FRC/RO with EUR 206.7K. The lowest average guarantee amount is in the portfolio of TESKOMB/TR, with EUR 8.6K. Graph 3.8 on page 20 gives an overview of the development of the average guarantee size by stock and flow.

Volume of newly granted guarantees

The volume of newly granted guarantees decreased by 8% in 2023, a significant improvement compared to the nearly 46% decline experienced in 2022. However, with a volume of EUR 45.3 billion it remains well above its pre-pandemic level of EUR 38.8 billion in 2019. The highest volumes of newly granted guarantees in 2023 were registered by BGK/PL (EUR 10.9 billion), KGF/TR (EUR 5.1 billion) and TESKOMB/TR (EUR 5 billion).

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

- **aws/AT** observed that in 2023 there was a reduction in applications for guarantees due to the economic situation resulting of reluctance to invest by SMEs, higher inflation, higher interest rates, increased risk awareness of banks and a lower dynamic in the startup eco-system.
- **PMV Standaardwaarborgen/BE** reported a decrease in production during 2023, due to a global decrease in bank financing.
- **HAMAG-BICRO** reported a decrease in newly granted guarantees in 2023 because of less big investments in tourism (tourism, luxury villas) and higher interest rates.
- **NRB/CZ** observed a strong decrease in newly granted guarantees explained by a lack of financial resources due to a transition period between dedicated operational programmes.
- At **KredEx/EE**, the volume of newly granted guarantees in 2023 was around half that of 2022 due to lower economic activity.
- **Bpifrance/FR** noticed a reduction of guarantees across all activities.
- **SOCAMA/FR** reported a decrease in newly granted guarantees because of increased interest rates, tighter lending conditions and more generally economic activity remains sluggish.

- **VDB/DE** observed a slight decline in new guarantees.
- **HDB/GR** experienced a strong decrease in newly granted guarantees because in 2023 there were more co-financing loans provided than guarantees.
- In 2023, **TMEDE/GR** saw a strategic shift towards increased contract execution guarantees, which generate long-term income. This aligns with the institution's focus, while tender guarantees (offering one-off income upon issuance) decreased in line with the broader economic growth of the Group.
- **AVHGA/HU** reported a healthy increase in newly granted guarantees in 2023, as State aid programmes helped to keep up the financing of SMEs, when market-based interest rates were too high to be affordable.
- **MDB/MT** reported that the launch of flagship schemes was delayed to last quarter of 2022 due to other crisis related schemes taking precedence.
- For **Garantiqa/HU**, the volume of newly contracted guarantees decreased at current prices in 2023. According to data from the Hungarian National Bank (MNB), in 2023, the volume of new contracts in the SME segment was 17% lower compared to 2022. For **Garantiqa/HU**, at current prices, the amount of guaranteed loans decreased by only 4%, and the guarantee volume decreased by 6%.
- Despite a decrease in newly granted guarantees following COVID programmes, **SBCI/IE** continues to develop its guarantee activity thanks to continuation of prior schemes and release of new scheme.
- At **KCGF/XK**, the year 2023 was characterized as a year with great achievements. The interest of registered financial institutions for credit guarantees positively continued. In the last year, **KCGF/XK** launched a Women in Business Window and Startup Window making now six active windows designed to address sector specific needs.
- For **ALTUM/LV**, the sharp decline in volume in total amount on newly granted guarantees is explained by the fact that the reported amount includes guarantees on energy efficiency of apartment buildings. As 2023 marked the final implementation year of EU structural fund period of 2014-2020, no new guarantees were issued in 2023 as all the started active projects were in their final stage. The new programme started in 2024. The decline in the commercial guarantee and agricultural guarantee segment is 28%.
- In 2023, **INVEGA/LT** reported a 34% increase in the volume of newly granted guarantees compared to 2022. Overall, the volume of individual guarantees declined, but there was a significant increase in the volume of portfolio guarantees, as in the beginning of 2023 a new portfolio guarantee instrument was launched and was actively used by financial intermediaries.

- **MC/LU** reported that they are more commonly issuing guarantees on credit-lines than before.
- For **MDB/MT**, demand for new products was weaker than expected largely on the back of substantial loans taken during COVID-19. The rise in EURIBOR can be another important factor.
- **ODA/MD** reported a 10% decrease in the volume of newly granted guarantees in 2023. The reason for the decrease of the volume of newly granted guarantees compared to 2022 year, was the fact that during 2022, the guarantee fee was set to zero, for the first guaranteed year, in order to support the SMEs in the context of the energy crisis and rising costs of production and logistics.
- At **BGK/PL**, the volume of newly issued guarantees in 2023 is significantly higher than in 2022. This was influenced by the specific "post-pandemic thaw," as well as the so-called Temporary Crisis and Transition Framework introduced in 2022 and its special guarantee conditions, such as zero guarantee commission and longer guarantee periods, among others. And all this despite the end of guarantee support in two guarantee programmes: COSME and LGL- PFG. **BGK/PL** strives to adapt its guarantee offer to the changing economic situation not only in Poland, but also in the world. Therefore, the changes introduced resulted in a steady increase in interest in guarantees.
- **FGCR/RO** reported an overall increase in the volume of newly granted guarantees between 2022 and 2023, mainly due to prolongation of the IMM Invest programme.
- In the last year, **FNGCMM/RO** noticed a stable evolution in the volume of newly granted guarantees in the context of continuing measures to support access to finance for the business environment.
- **FRC/RO** reported an increase due to the State aid scheme based on the Temporary Crisis and Transition Framework.
- **SEF/SI** indicated that the volume of guarantees granted remains approximately the same throughout the entire period of operation, since the funds for granting guarantees did not increase, limiting **SEF's/SI** resources.
- **CESGAR/ES** observed a healthy increase in the volume of newly granted guarantees.
- For **BBB/UK**, the slightly lower volumes compared to last year represent an increasing return to normal on "direct" (subsidised) guarantee schemes, partially (but not completely) offset by the increasing scale of "structured" guarantee schemes (not subsidised).

Number of newly granted guarantees

Finally, we have a look at the number of newly granted guarantees. The development here is very different to the one for the volume of newly granted guarantees. Following a 40% decrease in 2022, the number of newly granted guarantees **increased by 11.3% in 2023, reaching a total number of 885K units of new guarantees**. The discrepancy between a declining volume of newly granted guarantees together with a relatively strong increase in units of newly granted guarantee units confirms a significant shift towards smaller guarantee amounts. On the supply side, this might indicate that AECM member institutions have shifted their focus towards risk mitigation, opting to issue more, but smaller, guarantees to diversify risk. Another explanation could be that during an economic downturn, SMEs and individuals might seek smaller guarantees due to reduced business activities or lower transaction sizes. On the demand side, this trend might suggest the greater need for guarantee support among smaller SMEs compared to their larger counterparts. Smaller SMEs, often with more limited access to credit and financial buffers, are more vulnerable to economic fluctuations and may seek guarantees more frequently to secure financing in the current economic climate.

As a result, the average size of newly granted guarantees in 2023 continues to decrease with respect to the pandemic year 2020, as can be seen in graph 3.8 below. In fact, the average decreased by more than 17% between 2022 and 2023 to reach **EUR 51.1K** but remains still well above the pre-pandemic level of around EUR 40K.

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Number of supported SMEs

The **number of SMEs supported by guarantee institutions continues to decline. As of 31st December 2023, AECM members supported nearly 4.7 million SMEs, which represents a decrease of 10% compared to 2023 (5.2 million)**. 1.63 million SMEs are supported by BBB/UK and 0.8 million SMEs by TESKOMB/TR. The strongest increases in the number of supported SMEs were registered by BGK/PL (+124K), TESKOMB (+92K) and KGF/TR (+18K).

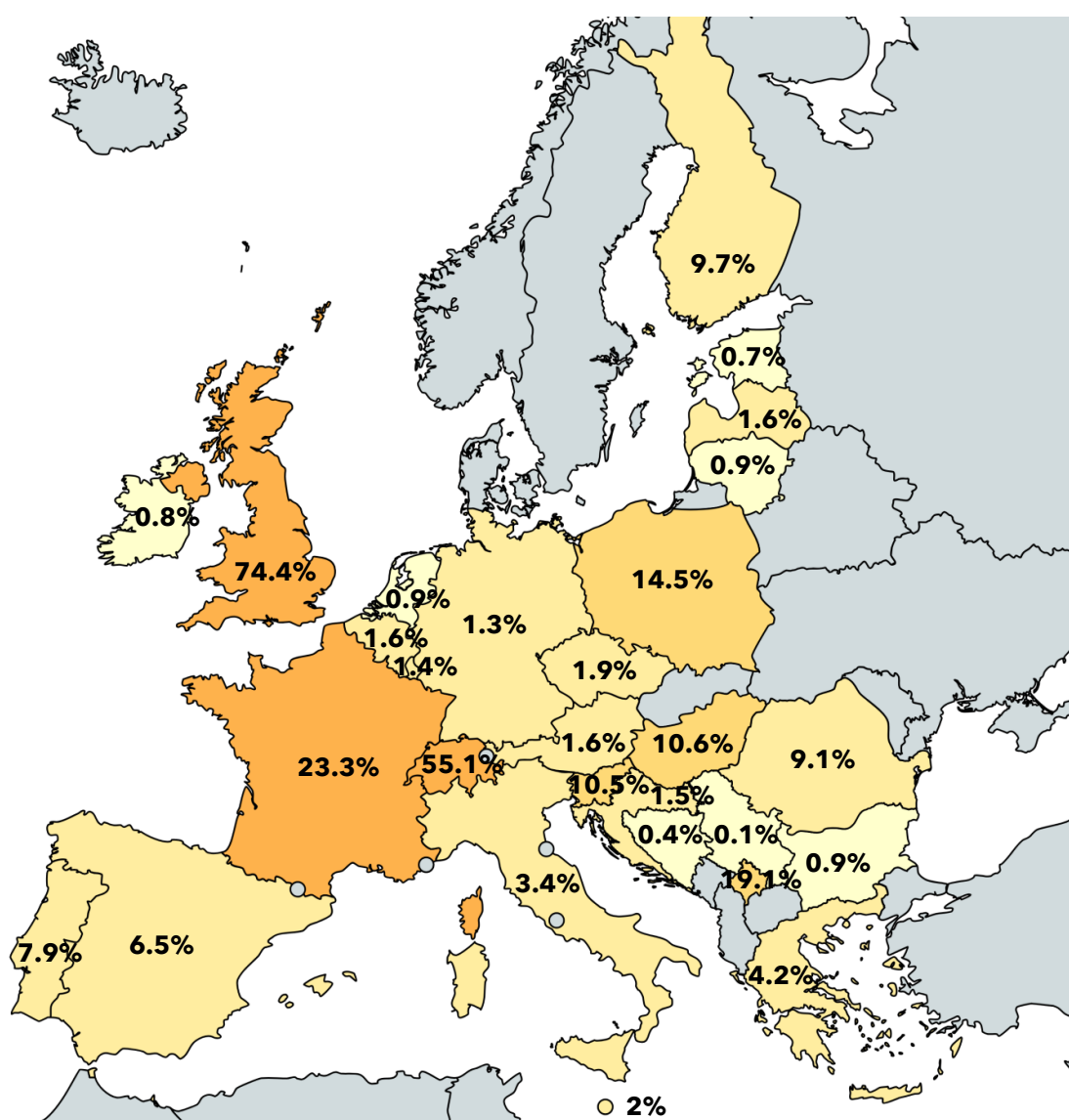
Number of newly supported SMEs

In parallel to the development of the number of newly granted guarantees, the **number of newly supported SMEs increased over the previous year (6.5%) to reach the level of around 745.8K units**, which continues to be slightly above the pre-pandemic level.

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 Switzerland, passing by France. While BBB reached out to 74.4% of non-financial SMEs in the UK, the members of NSGI reached out to 55.1% of Swiss SMEs. Our four French members Bpifrance, EDC, SIAGI and the National Federation of SOCAMA have currently 23.3% of French SMEs in their books. **AECM members all together reached out to 19.2% of the total SME population in covered countries⁴.** The map below shows the exact results.

Graph 3.4: Intensity Map – SME outreach

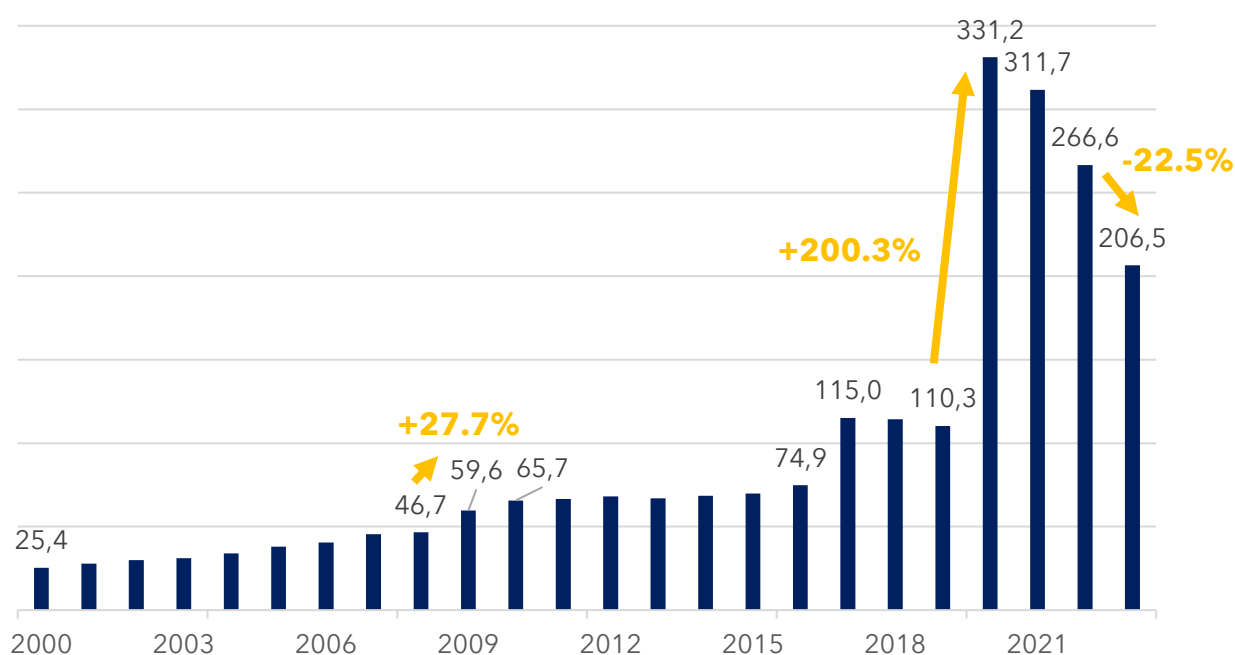


⁴ To calculate SME outreach, we used the latest 2020 data from Eurostat. Azerbaijan, Moldova, and Türkiye are not considered here, since neither Eurostat nor Statista provide data on the number of SMEs in these countries.

2. Long-term Development

A look at the **long-term development of total outstanding guarantee volumes reveals that after having reached its peak during the pandemic year 2020, the volumes continue to steadily decrease as COVID guarantees progressively phase out.** This decrease was registered in spite of the vast rollout of support measures for SMEs affected by the consequences of the Russian war (increase in energy prices, supply chain disruptions, trade sanctions etc.) which was overcompensated by the phase out of COVID guarantees. Moreover, the strong depreciation of the Turkish lira vis-à-vis the euro continued in 2023, which is impacting total volumes quite significantly, given the important size of our two Turkish members. Graph 3.5 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.

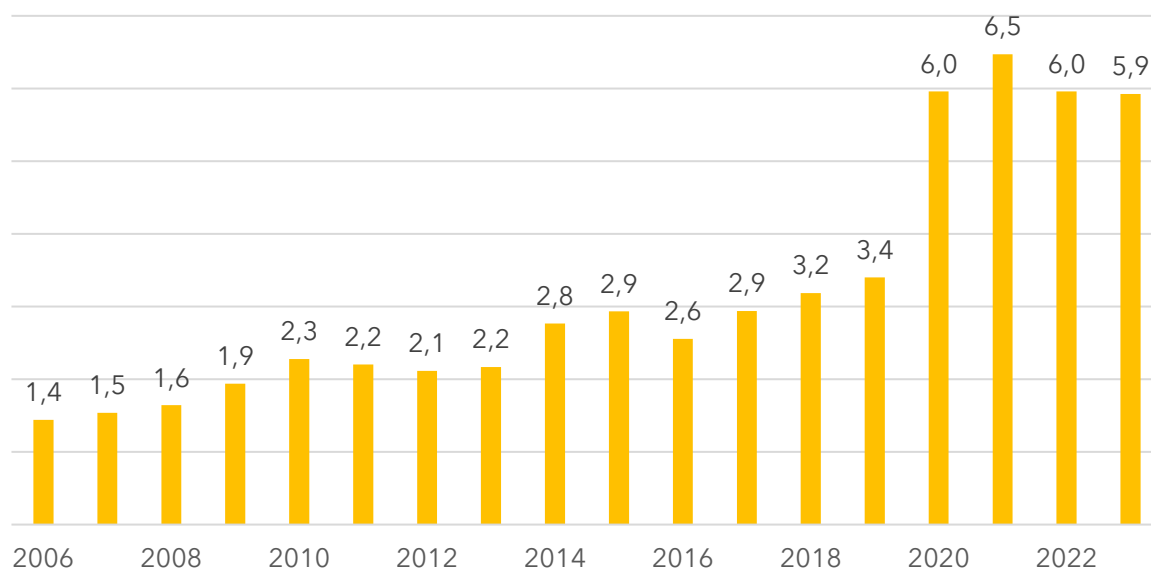
Graph 3.5: Long-term development of the outstanding guarantee volume (in billion EUR)



Regarding the **number of outstanding guarantees**, we have been able to 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 2023, the number of**

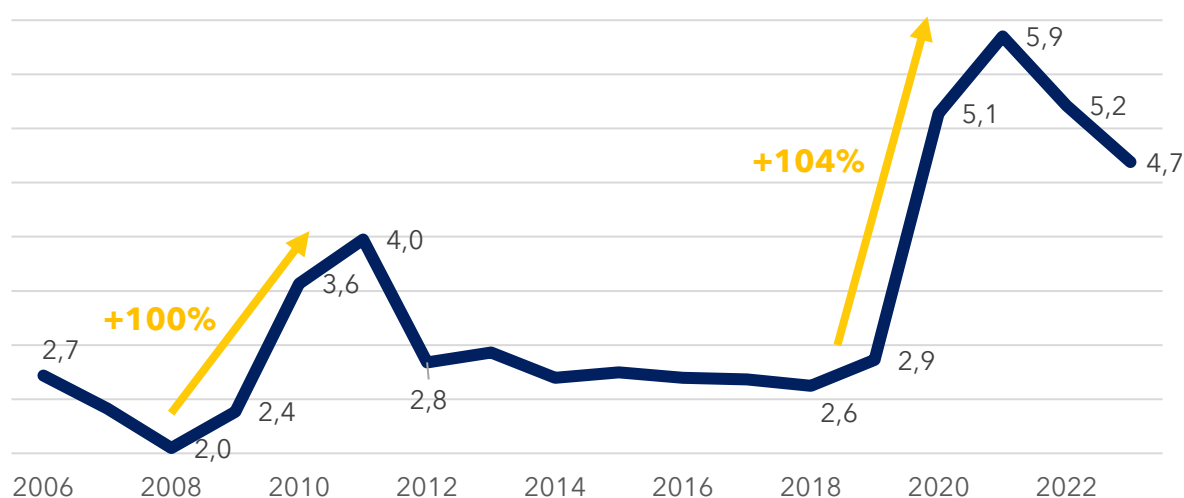
outstanding guarantees remains relatively stable, maintaining an extraordinarily high level.

Graph 3.6: Development of the number of outstanding guarantees (in million units)



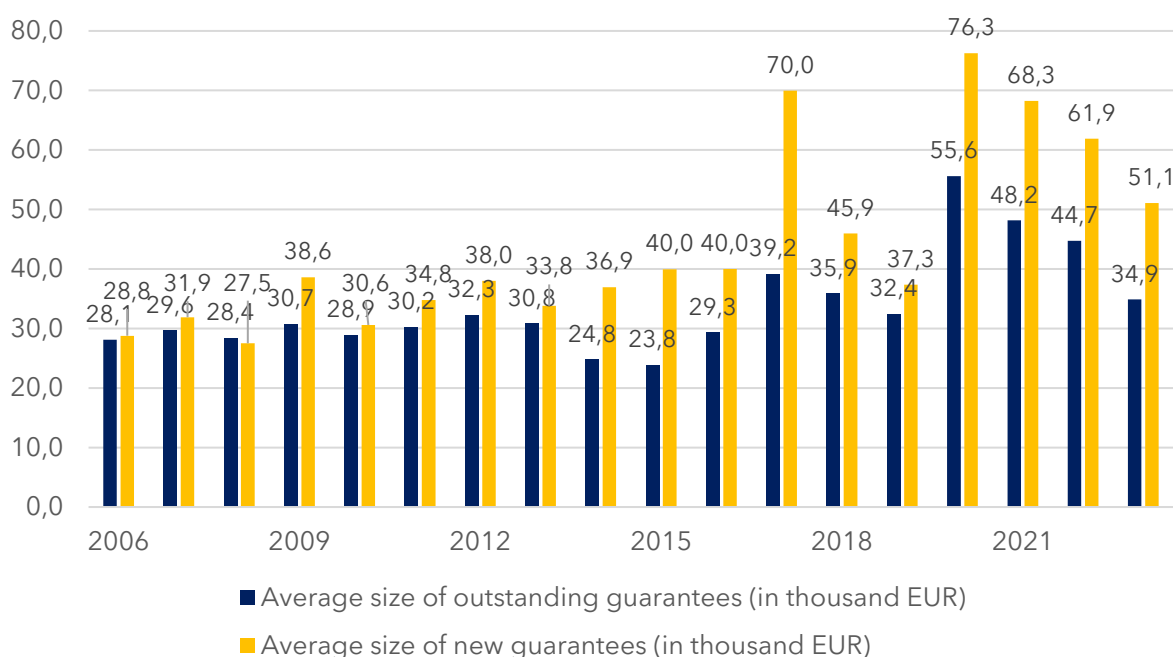
The development of the **number of SME beneficiaries** shows the **anti-cyclical role of guarantee institutions** even more impressively than the development of the outstanding guarantees does. During the last financial crisis, the SME portfolio of AECM members doubled (over three years). **During the pandemic, a 104% increase was experienced within two years.** The development between the two crises was very stable, as can be seen in graph 3.7 below. **As COVID guarantees phase out, the number of supported SMEs in the portfolios of our members starts to decrease, but remains at an exceptionally high level, well above pre-pandemic levels.**

Graph 3.7: Long-term development of the number of supported SMEs (in million units)



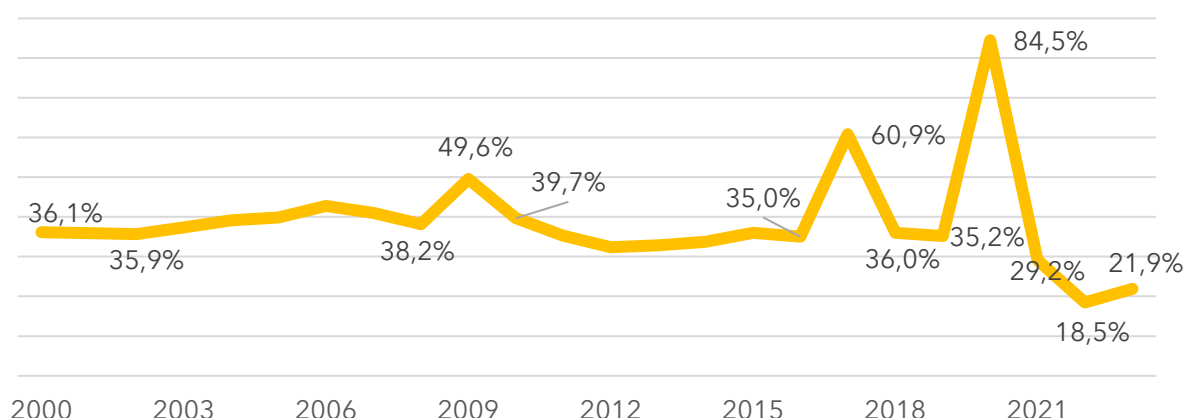
In 2023, we observe **an important decrease of both the average size of newly granted guarantees from EUR 61.9K to 51.1K and the average size of outstanding guarantees from EUR 44.7K to 34.9K**, which is slowly returning to pre-pandemic level. During the pandemic, we observed a significant increase in the size of guarantees due to economic uncertainty and increased financial support measures, so the current reduction implies that the financial environment is progressively stabilizing and normalizing for guarantee institutions.

Graph 3.8: Development of the average size of outstanding and of new guarantees (in thousand EUR)

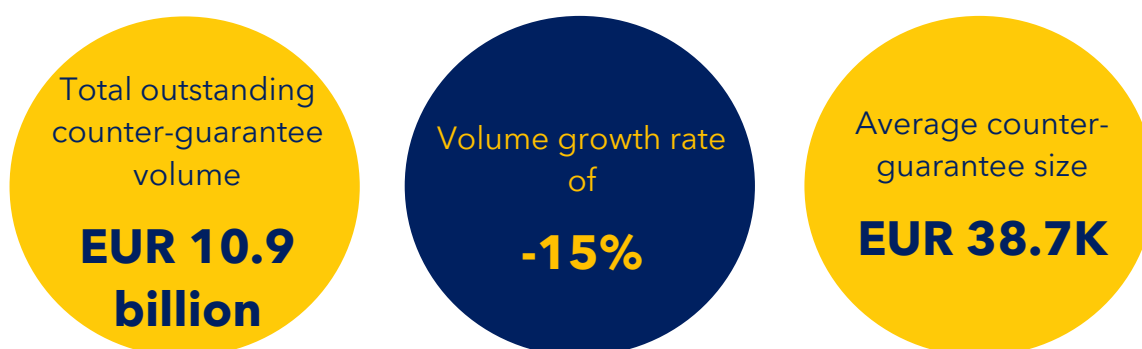


The last point to be mentioned in this sub-section on long-term developments is the **share of newly granted guarantees in the overall portfolio**. This share is usually around one third of the outstanding volume with the notable exceptions of the financial crisis in 2009, the exceptional increase of the KGF/TR volume in 2017 and the COVID-19 crisis. After each peak, the share decreased significantly and after both crises even below the pre-crisis level. In 2023, the share of newly granted guarantees in the total volume of guarantees in portfolio reaches nearly 22%, an exceptionally low level but still slightly higher than 2022. The exact development can be seen in graph 3.9 below.

Graph 3.9: Development of the share of new guarantees in the overall portfolio



3. Development of counter-guarantees



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Outstanding counter-guarantees

14 AECM members⁵ from 13 different countries granted counter-guarantees in 2023. The **combined outstanding counter-guarantee volume of these members remained experienced a strong decline in 2023 after a strong increase in 2020. It reached a level of EUR 10.9 billion which represents a decrease of 15% over the previous year.** The counter-guarantee volume is very much concentrated on the Iberian Peninsula representing 83.4% of the total. The strongest increases were experienced by MDB/MT (+23.9%), Bpifrance/FR (+19.3%) and Garanzia Etica/IT (+5.5%).

On the contrary, **the number of counter-guarantees increased by 16.5%**, driven principally by a strong increase from Bpifrance/FR (155.3%). **In 2023, AECM**

⁵ WE/BE, NGF/BG, HAMAG-BICRO/HR, Finnvera/FI, Bpifrance/FR, EDC/FR, Garanzia Etica/IT, SBCI/IE, MDB/MT, BGK/PL, BPF/PT, FRC/RO, SEF/SI, CESGAR/ES.

members had 284 429 units of counter-guarantees in their portfolios. The **average size of a counter-guarantee decreased from EUR 52.7K to 38.7K**.

New counter-guarantees

The **volume of newly granted counter-guarantees also decreased significantly - by 20.4% - in 2023**, as it gets closer to the volume in pre-pandemic levels. **In 2023, a volume of nearly EUR 1.87 billion was newly issued by AECM members**. The **number of newly granted counter-guarantees remained relatively stable, with a 1.4% increase to reach 26 216 units**. As a result of that, the **average size of newly granted counter-guarantees strongly decreased from EUR 90.9K to 71.3K**.

4. EU Financial Instruments



As COSME, InnovFin, CCS and EaSI are phasing out, we did not collect data on outstanding guarantee volumes under these programmes. Volumes under these programmes should be now steadily decreasing from the volumes reported in last year's edition of the Statistical Yearbook.

However, for the first time, we collected data for the InvestEU programme, as many of our members have signed guarantee agreements since 2022. As of 31 December 2023, three members had already started implementing InvestEU under indirect access, as financial intermediaries of the European Investment Fund, with a total outstanding guarantee volume of **EUR 586 million**.

With to regards structural funds and the Pan-European Guarantee Fund (EGF), we continued our data collection. According to the results, ERDF remains the most heavily used programme by AECM members, due to the three most common Thematic Objectives (TO) in the funding agreements, namely: TO3 'Enhancing the competitiveness of SMEs', TO4 'Supporting the shift towards a low-carbon economy in

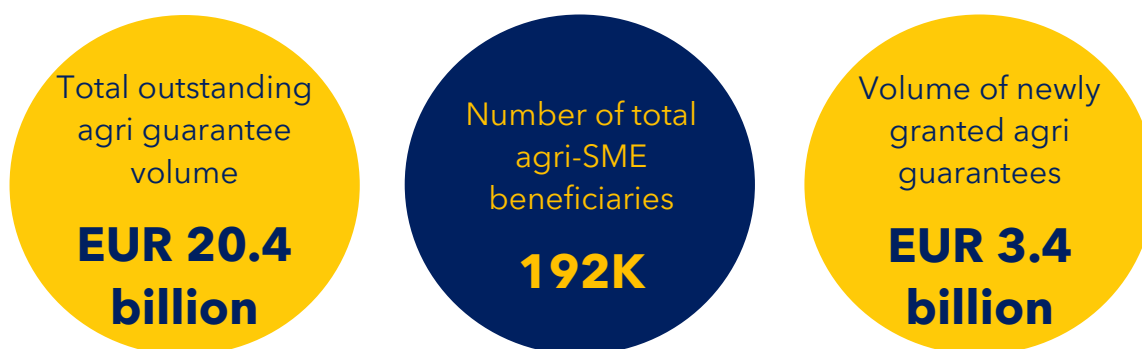
all sectors' and TO1 'Strengthening research, technological development and innovation'. **Eight members from eight countries⁶ have a combined total outstanding guarantee volume under ERDF of billion EUR 4.1, which is a 15.7% decrease vis-à-vis 2022.** The strongest users of the programme are HDB/GR, BGK/PL and NRB/CZ. The strongest increase was registered by BGK/PL (+88%) and HAMAG-BICRO/HR (+59.1%). These results highlight that the added flexibilities introduced for financial intermediaries during the pandemic – such as providing standalone working capital finance for affected SMEs – have facilitated the use of ERDF, thereby enhancing the implementation of many instruments.

The **European Agricultural Fund for Regional Development (EAFRD)** is used by three AECM members from three countries⁷. **The guarantee volume issued by members under this programme decreased by 12.6% to reach a level of EUR 277.5 million.** The largest user is BGK/PL that also observed the strongest increase (+37.6%).

We furthermore asked our members whether they are using funds under the **Recovery and Resilience Facility (RRF)** and both ALTUM/LV and CESGAR/ES reported using the programme. ALTUM is using the RRF for loans with capital rebate for digitalisation of enterprises, loans with capital rebate for energy efficiency in enterprises, energy efficiency in residential buildings and construction of public rental housing.

Regarding the **EGF**, this programme was used by six members from six countries⁸. **The total outstanding guarantee volume under EGF decreased from EUR 1.5 billion to EUR 1.2 billion.**

5. Agricultural Guarantees



⁶ HAMAG-BICRO/HR, NRB/CZ, KredEx/EE, VDB/DE, HDB/GR, ALTUM/LV, INVEGA/LT and BGK/PL.

⁷ HAMAG-BICRO/HR, ALTUM/LV and BGK/PL.

⁸ WE/BE, SBCI/IE, INVEGA/LT, MDB/MT, BGK/PL and CESGAR/ES.

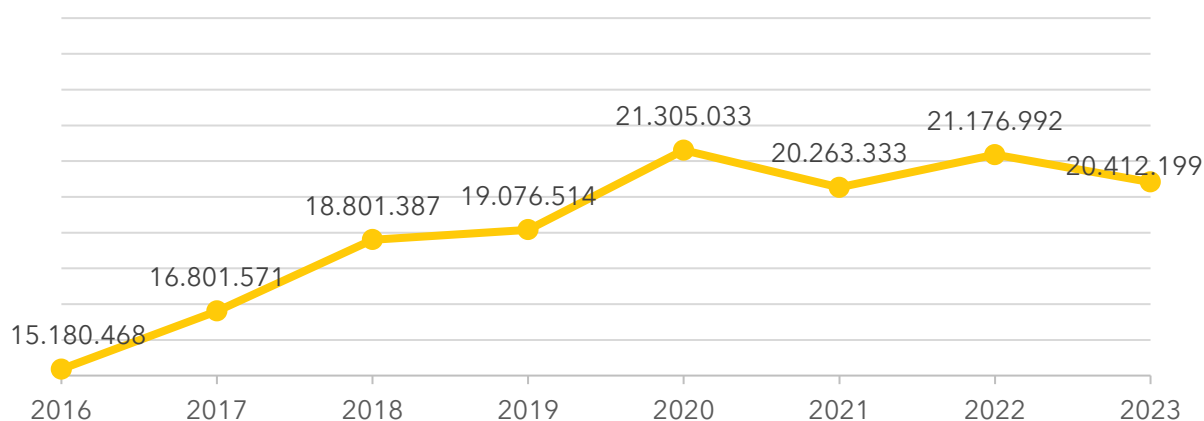
In the realm of agriculture, 2023 continued to present numerous challenges. The repercussions of the Russian invasion of Ukraine were still profoundly felt by agricultural SMEs throughout the year. Additionally, natural disasters that occurred in many areas in Europe posed significant issues, and the push for green transformation and sustainable agriculture placed substantial pressure on small and medium-sized agricultural enterprises. Amid these numerous challenges, AECM members once again stood by agri-SMEs, helping them to mitigate the crisis and support the long-term transformation of the food system.

In 2023, the number of AECM members issuing guarantees to agricultural firms saw a slight drop, with **19 out of 45 members participating**. SIAGI/FR and NGF/BG did not issue any agricultural guarantees during the last year.

According to the 2023 Scoreboard Survey, **AECM members collectively mobilised EUR 20.4 billion in guarantees for agricultural SMEs over the past year**. This marks the third most productive year in terms of volume since 2016, despite a slight decrease of 3.6% compared to 2022. The trend among AECM members was however non-uniform. According to the survey for which data is available, thirteen members experienced an increase in lending volumes, while five members saw a decrease. The highest percentage growth was recorded by GF Srpska/BA (134.2%), followed by FGCR/RO (95.6%). FGCR's increase is attributed to the prolongation of the national IMM Invest programme adopted by the Romanian government in order to support farmers and agricultural businesses in the context of the economic crisis generated by Russian aggression against Ukraine. Under the aforementioned programme, FGCR has offered guarantees that cover up to 90% of the financing value, related to investments and working capital financing.

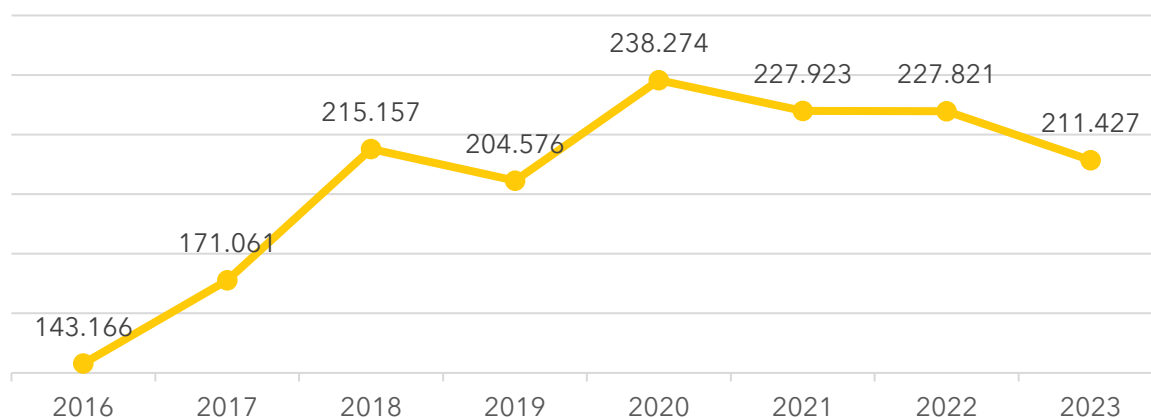
The highest percentage decrease in outstanding volume occurred in FNGC/IMM/RO (72.2%) and KGF/TR (29%).

Graph 3.10: Total volume of outstanding agricultural guarantees (in thousand EUR)



The number of outstanding agricultural guarantees followed a similar downward trend reaching 211 427 units in 2023. This is 7.2% down compared to 2022, with positive growth in eleven out of eighteen guarantee schemes for which data is available. The highest percentage increase occurred in GF Srpska/BA (+122.2%) followed by FGCR/RO (+100.0%). ISMEA/IT held the highest number of outstanding guarantees with 127 818 units.

Graph 3.11: Total number of outstanding agricultural guarantees (in units)



As the graph below shows, **the part of the outstanding agricultural guarantees in 2023 represents more than EUR 20.4 billion which is 9.9% of the overall volume of outstanding guarantees.** If compared to 2022, the volume of outstanding agricultural guarantees as a share of the overall outstanding guarantee volume registered a growth rate (from 7.9% to 9.9 %) as a result of the shrinking of the total volume of outstanding guarantees. The volume of outstanding agricultural guarantees has remained consistent in absolute terms with 2022 data and perfectly aligned with the multiannual average of the past five years.

Graph 3.12: Volume of outstanding agricultural guarantees as a share of the overall outstanding guarantee volume



With regards to the volume of newly granted agricultural guarantees, we observe a 4.7% increase compared to the previous year, totalling over EUR 3.4 billion and accounting for 7.6% of the total volume of newly granted guarantees in 2023. GF Srpska/BA saw the largest percentage increase (+1005.8%).

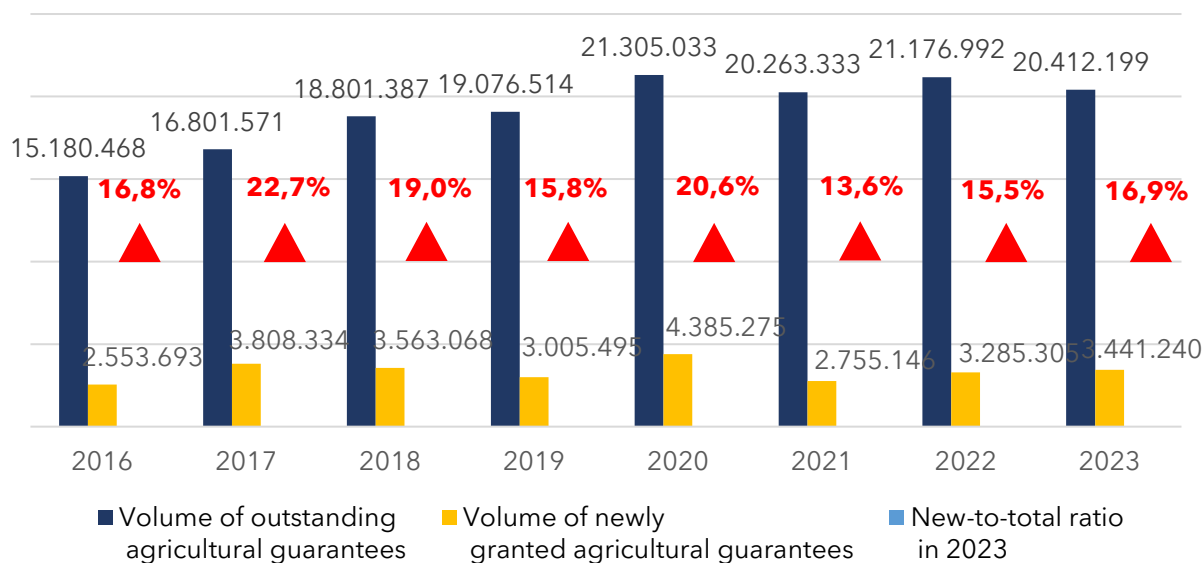
Graph 3.13: Volume of newly granted agricultural guarantees as a share of the overall volume of newly granted guarantees



Similarly, **the number of newly granted agricultural guarantees increased by 17.8% compared to the previous year, reaching a total of 38 461 units.** This positive growth was observed in ten out of the eighteen guarantee schemes for which data is available. The increase in lending was facilitated by temporary and exceptional market measures and derogations put in place in order to address the consequences of the numerous challenges faced by the SMEs.

The graph below on the **evolution of agricultural data since 2016 shows that the volume of outstanding agricultural guarantees has increased by 34.5%** between 2016 and 2023, reaching more than EUR 20.4 billion in 2023. By contrast, the volume of newly granted guarantees registered a rather fluctuating trend between 2016 and 2023. Upticks were registered in 2017 (49.1%), mostly due to the increase in figures of SIAGI/FR and VDB/DE, in 2020 (45.9%) at the start of the COVID-19 crisis, in 2022 (19.8%) and 2023 (4.3%) as a result of the support offered to SMEs affected by the war in Ukraine. However, despite the peaks of total and newly granted guarantees reached in 2020, the new to total ratio remained the highest in 2017.

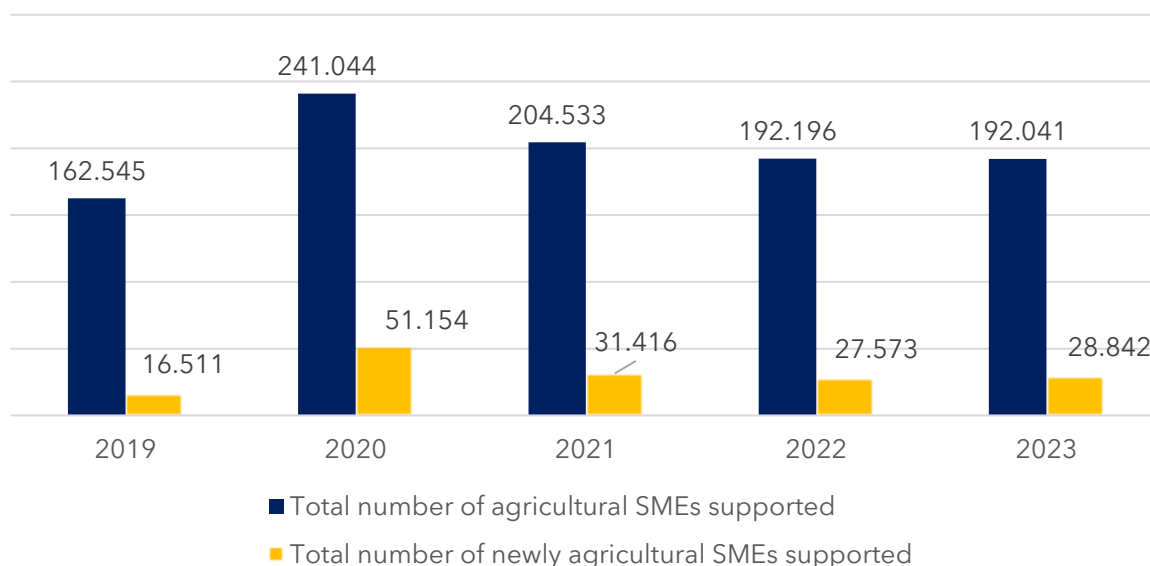
Graph 3.14: Volume of outstanding agricultural guarantees and newly granted guarantees compared to year-to-year progression (in thousand EUR)



Regarding the number of SME beneficiaries, during the year of 2023, AECM members supported a total of 192 041 agri-SMEs, with 28 845 being new beneficiaries. The total number of supported SMEs remained nearly the same as the previous year (-0.1%), while the number of newly supported SMEs increased by 4.6%.

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Graph 3.15: Total number of SMEs and newly SMEs supported in portfolio (in units)



Turning to the **agriculture-oriented guarantee institutions** (AVHGA/HU, ISMEA/IT, Agrogarante/PT⁹ and FGCR/RO), the graph below shows the breakdown

⁹ Agrogarante is the agricultural guarantee scheme integrated in AECM member BPF/PT.

of the total portfolio for each AECM member. In 2023, two agricultural-focused guarantee institutions experienced a decrease in their portfolios, while two others saw an increase in the total volume of guarantees granted.

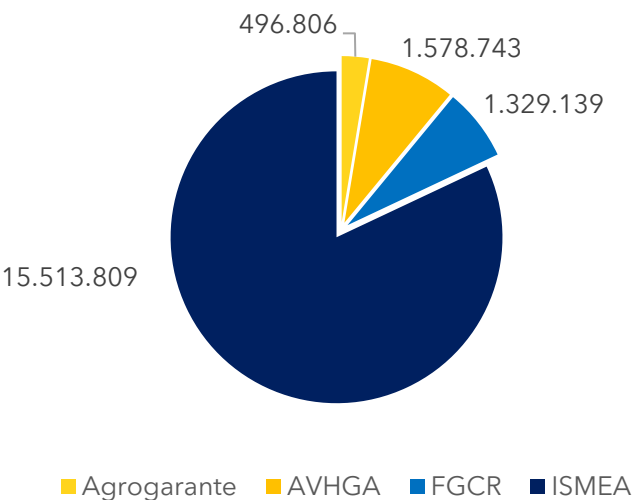
Over the past eight years, the guarantee activity of **AVHGA/HU** has steadily increased, reaching a total volume of outstanding guarantees exceeding EUR 1.6 billion in 2023, a 10.4% increase compared to 2022. This growth was driven by the implementation of State aid programmes to support companies in the context of Russia's war against Ukraine, rolled out under the Temporary Crisis and Transition Framework. Under these measures, beneficiaries were eligible to receive new loans covered by a State guarantee of up to 90% of the loan. Thanks to these State aid programmes, AVHGA/HU has been able to sustain SME financing despite high market-based interest rates.

ISMEA/IT remains the largest agriculture-oriented scheme, accounting for 82% of the guarantee volume of the four agriculture-oriented guarantee institutions. In 2023, ISMEA's total volume of outstanding guarantees exceeded EUR 15.5 billion, although this was a slight decrease of 5.2% compared to 2022. In addition to ordinary instruments, during 2023 ISMEA continued offering targeted support to agri-SMEs affected by the war in Ukraine by granting guarantees with zero guarantee costs and simplified release procedures.

Agrogarante/PT had a total guarantee volume of EUR 496.8 million registering a negative trend in the volume of outstanding guarantees compared to previous years, although it remained above pre-pandemic levels. The decline in 2022 was marked by the phase out of the State aid programs previously implemented by Agrogarante.

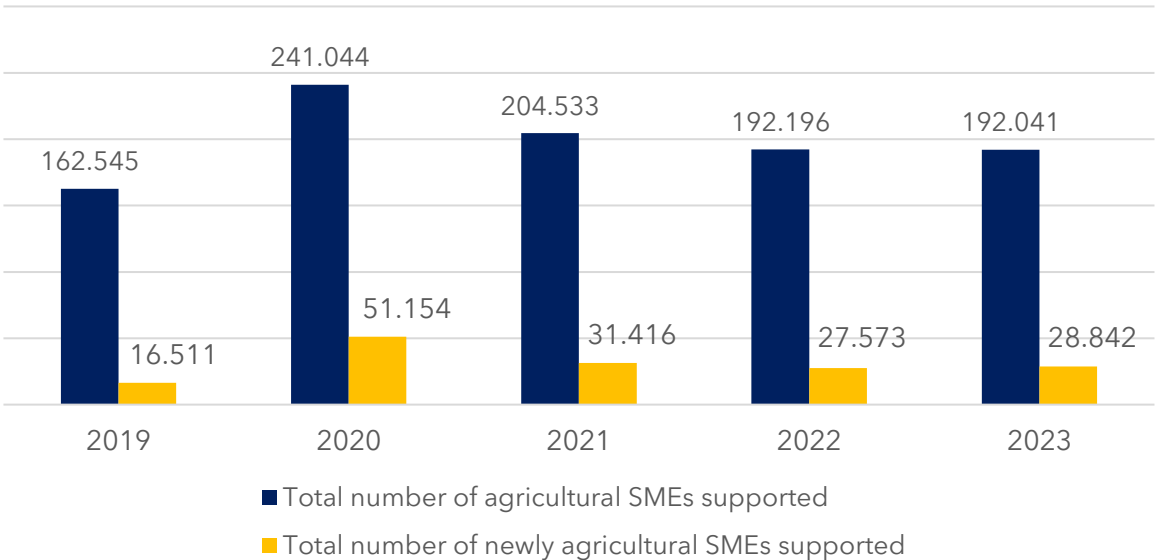
FGCR/RO increased its guarantee activity by 95.6% compared to the previous year, reaching EUR 1.3 billion during 2023. This is the highest volume registered by the Romanian Rural Credit Guarantee Fund since 2018, when agricultural data collection started. The historical high is due to the prolongation of the IMM Invest programme adopted by the Romanian government in order to support farmers and businesses operating in the fields of agriculture, fishing, aquaculture and the food sector to obtain state-guaranteed financing for working capital needs or for investments.

Graph 3.16: Volume of outstanding guarantees of the agriculture-oriented guarantee schemes at 2023 year-end

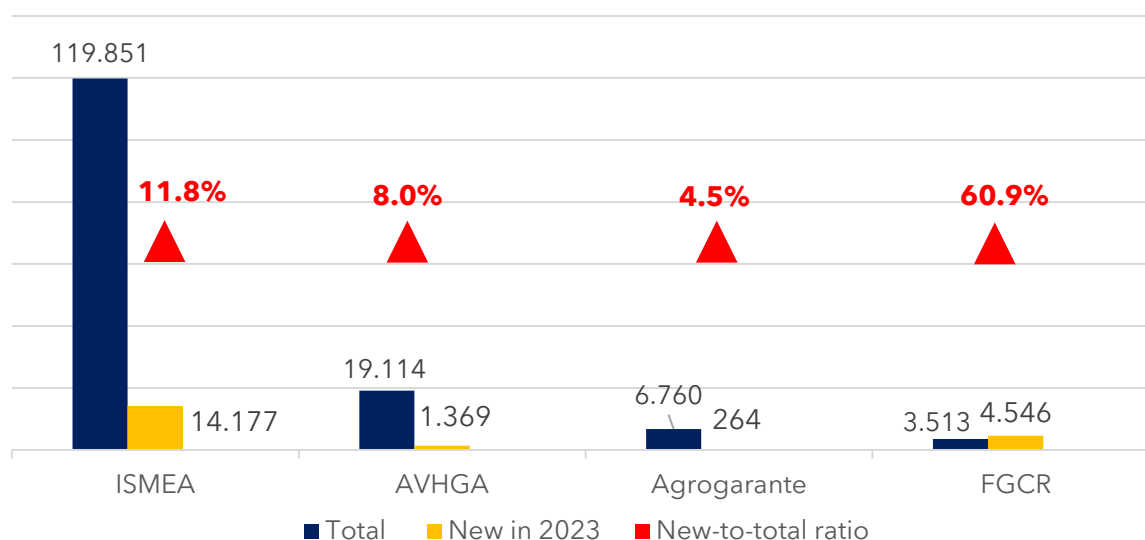


In 2023, the four agricultural-oriented guarantee institutions supported **150 509 agri-SMEs**, with 20 356 being new beneficiaries. ISMEA/IT and FGCR/RO increased the number of old and new supported SMEs, while Agrogarante/PT saw an increase only in newly supported SMEs. AVHGA/HU registered a slight decrease in both old and new supported SMEs. The strongest increases in the number of beneficiaries were registered by FGCR/RO, with a 2.1-fold increase in both old and new SMEs supported.

Graph 3.17: Total number of SMEs and newly SMEs supported in portfolio



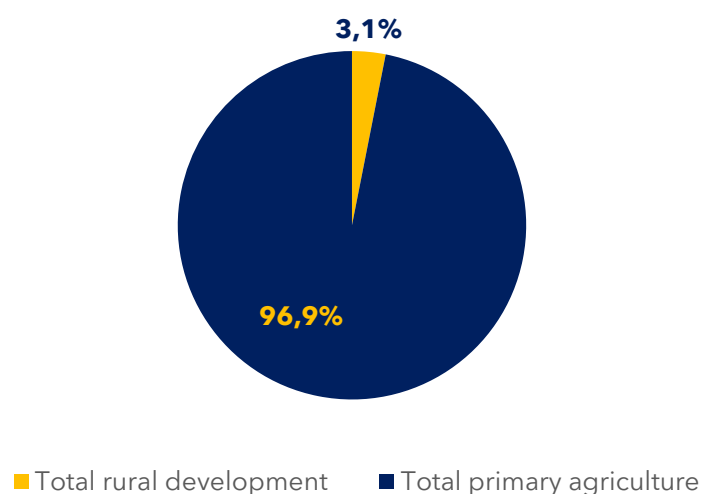
Graph 3.18: Total (at year-end), newly included (during 2023) agricultural SME beneficiaries (in units), and new-to-total ratio



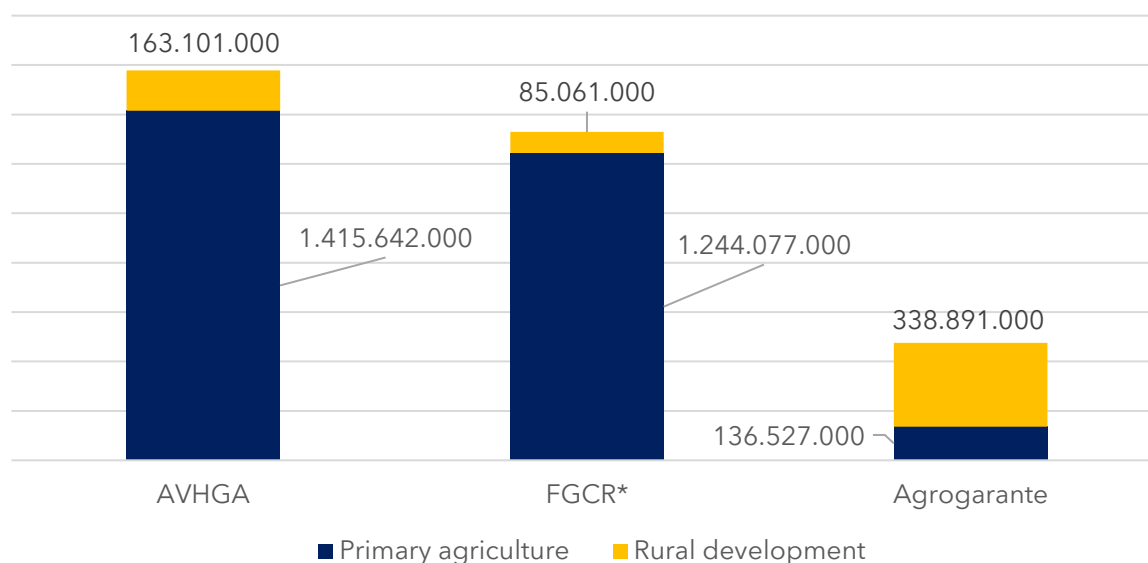
Apart from financing primary agricultural production of food and non-food products and the production of food of non-agricultural origin (e.g. synthetic meat), AVHGA, Agrogarante and FGCR also support rural development activities by granting guarantees for activities aiming at maintaining the economic and social infrastructure of rural areas and improving the rural communities' quality of life.

The total volume of guarantees for **rural development** activities in 2023 amounted to more than EUR 587 million representing 3.1% of the total volume of the aggregated portfolio of the four agriculture-oriented guarantee institutions.

Graph 3.19: Distinction between outstanding guarantee volume in the area of primary agriculture and in the area of rural development



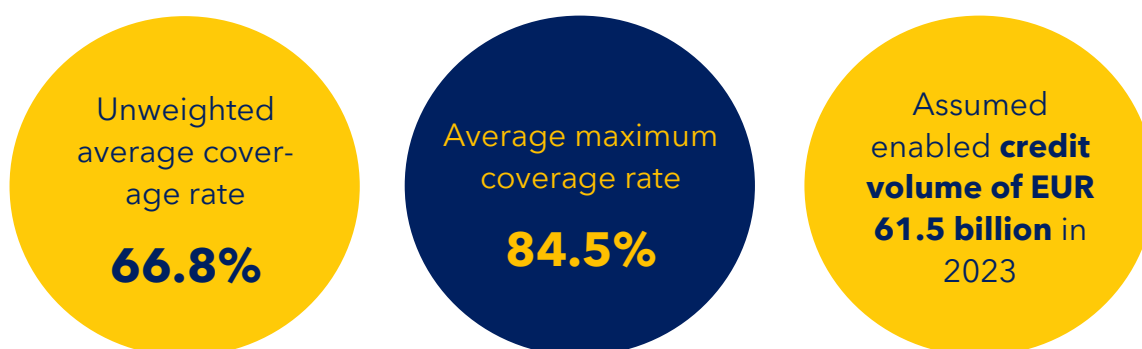
Graph 3.20: Distinction between outstanding guarantee volume in the area of primary agriculture and rural development (breakdown per member without ISMEA which only guarantees agricultural firms)



* The figures also include beneficiaries from food industry.

6. Coverage Rate

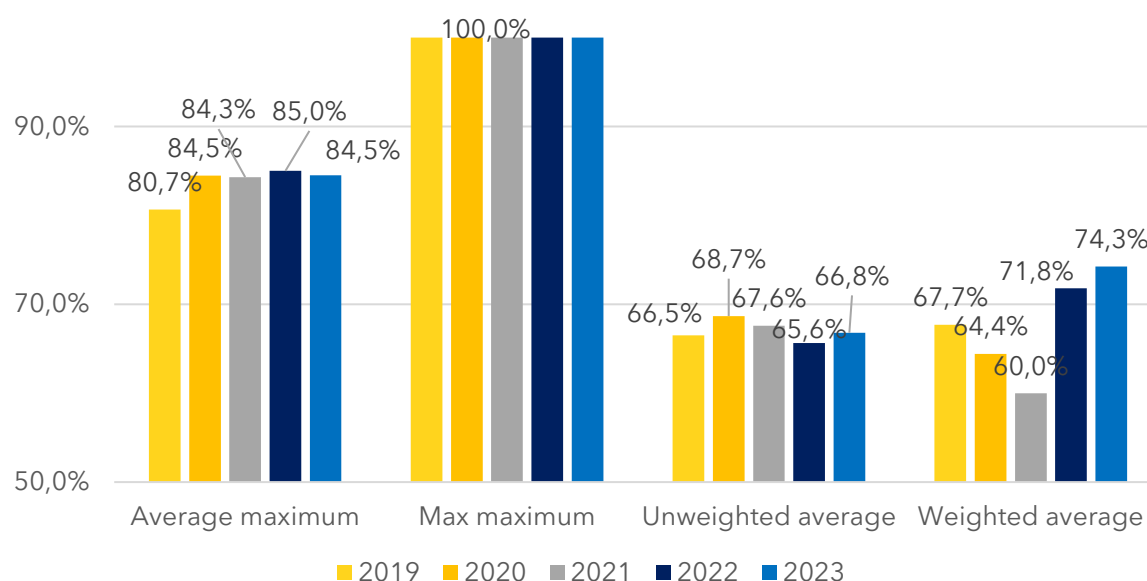
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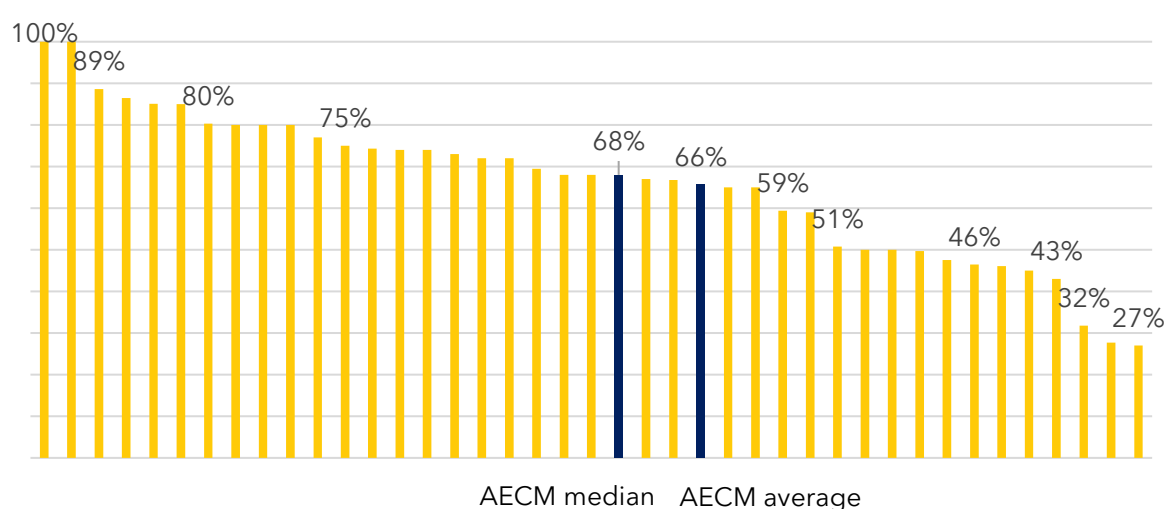
The guarantee coverage of SME loans by our respective members remained relatively stable over the previous four years. The **maximum coverage rates** ranged (as for the four previous years) from 50% to 100% with an **AECM average that strongly increased in 2020 and has remained very stable since. In 2023, the average maximum coverage rate was 84.5%.** Two members increased the maximum coverage rate for their guarantees and five of them decreased it. The number of members that offer 100% guarantees (as a maximum, not necessarily as a rule) decreased from 9 in 2022 to 8 in 2023.

The **unweighted average coverage rate further increased from 65.6% in 2022 to 66.8% in 2023**. Average rates ranged from 28 to 100% as can be seen in graph 3.19. **The AECM average of average coverage rates weighted by the volume of newly granted guarantees amounted to 74.3%, up from 71.8% in 2022**. However, it is important to treat these numbers with caution as coverage rates are not communicated by all members, and they are naturally strongly biased by the coverage rates of members with large volumes of newly granted guarantees. The following graphs give an overview of the development of coverage rates over the past four years and of the distribution across members.

Graph 3.21: Development of coverage rates between 2019 and 2023



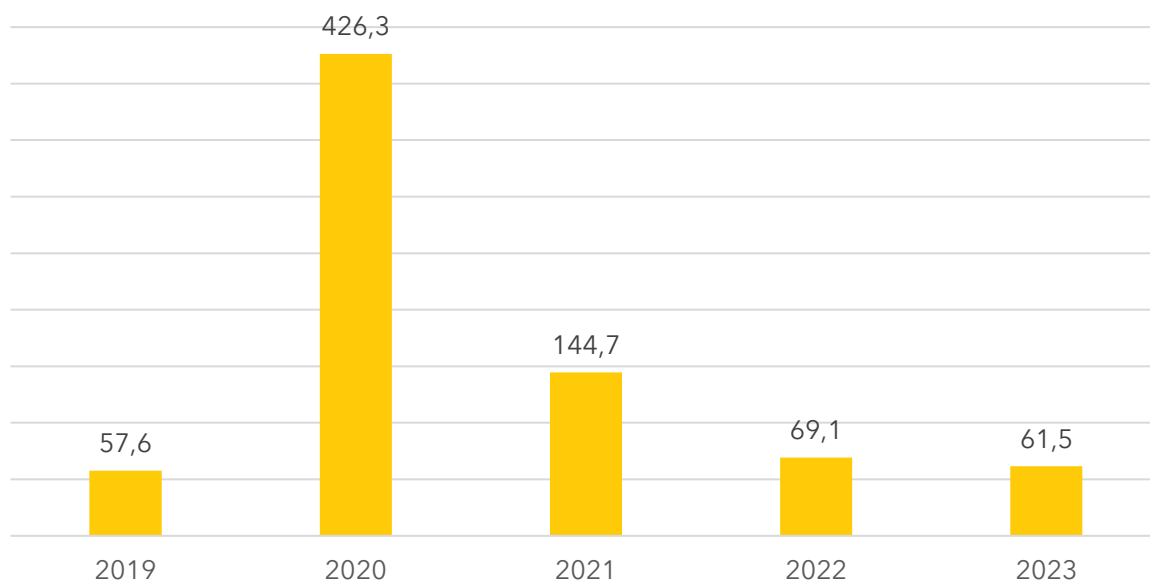
Graph 3.22: Average coverage rates in 2023



We use data on the average coverage rates as well as on the volume of newly granted guarantees in 2023 to extrapolate the approximate enabled credit volume.

For members who did not report on their average coverage rate we used the AECM unweighted average as a proxy. As a result, we find that **AECM members enabled a total credit volume of around EUR 61.5 billion in 2023**. The whole investment volume that was enabled by our members' guarantees is of course much higher, but we do not dispose of adequate data to calculate it. The enable credit volume in 2023 is much lower than in COVID years, but significantly higher than in the pre-pandemic period. The following graph gives an idea about the most recent development.

Graph 3.23: Assumed enabled credit volume (in billion EUR)



IV. Guarantee Activity Survey

This year, the Guarantee Activity Survey reveals that the overall economic environment **remains highly unpredictable**. The pandemic is now far behind us, but **the consequences of the Russian invasion of Ukraine continue to be felt unevenly amongst our members**. In some countries, SMEs are still severely impacted by surging energy costs and inflation, while in other countries, the general economic situation is stabilising. Cost pressures remain, but they appear to have become embedded.

Nonetheless, **the guarantee activity of our members remains healthy**. While a majority of members expects the general business prospects for SMEs and SME bank financing to remain stable, the guarantee activity of our members is largely expected to increase. But also default rates.

All in all, 43 out of 45 members replied to the survey which corresponds to a **record response rate of 96%**.

The results have already been published in February 2024. The following section will present a more detailed view on the results including a comparison with results of past surveys.

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1. Guarantee Activity

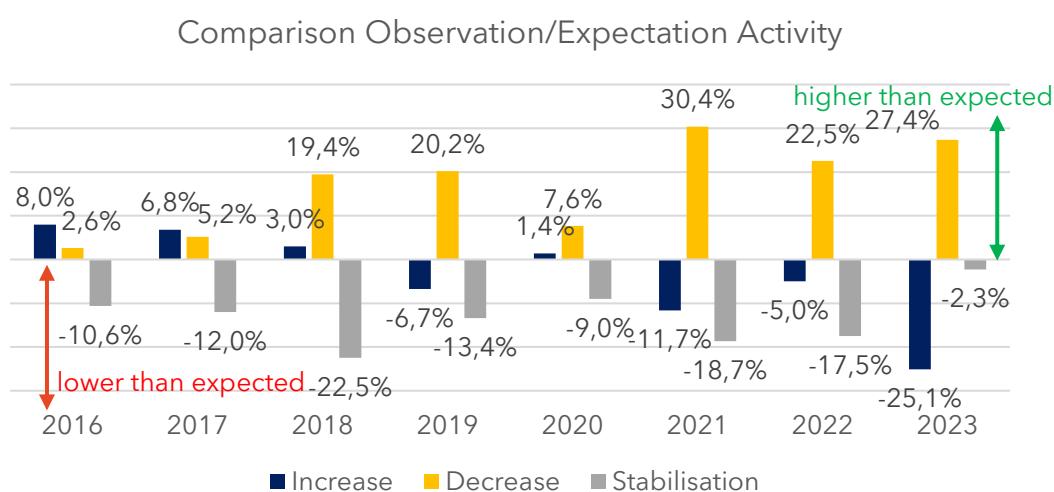
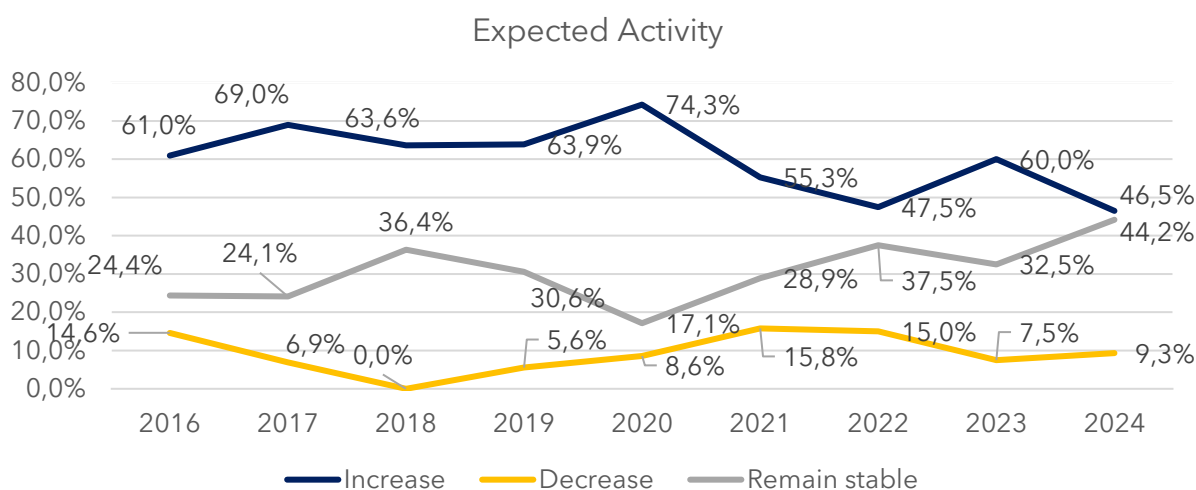
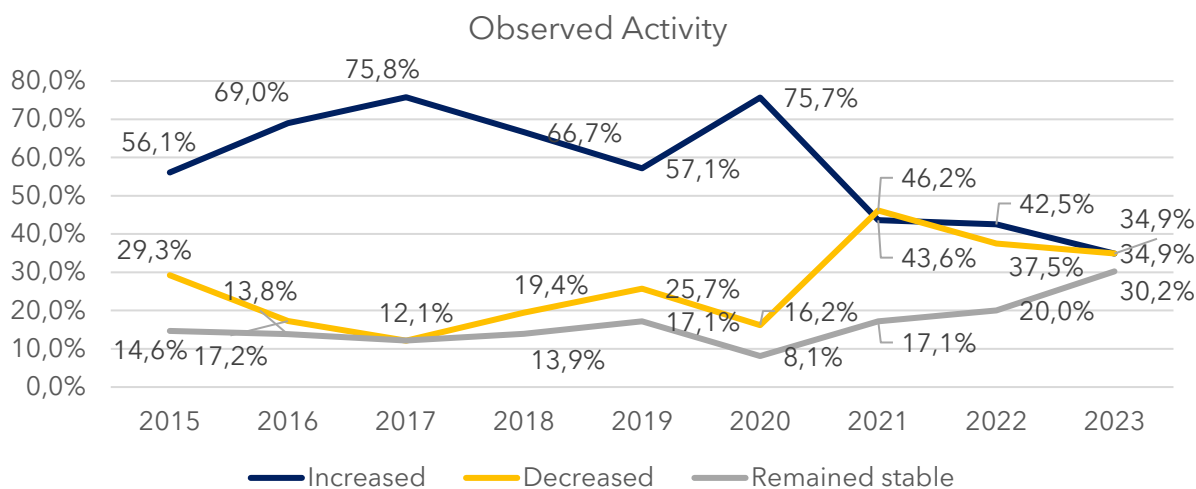
The development of the guarantee activity in 2023 is **strikingly contrasted**. 34,9% of members observed an increase in their volume of guarantees granted, while **exactly as many** observed a decrease; for 30,2% of members, the situation remained stable. We observed the lowest level of observed increase of activity and the highest level of stabilisation since the introduction of this survey in 2015.

Comparing the observation of the activity in 2023 with the expectation that members expressed in the previous survey, we note that this development somewhat comes as a surprise as the decrease in activity is more than 27% higher than expected and the increase is 25% less than previously expected.

Regarding expectations for 2024: while **46,5% of members expect their guarantee activity to increase**, less than 10% expect a decrease. This is likely due, inter alia, to the SMEs' increased needs for liquidity, and for financing the twin transition.

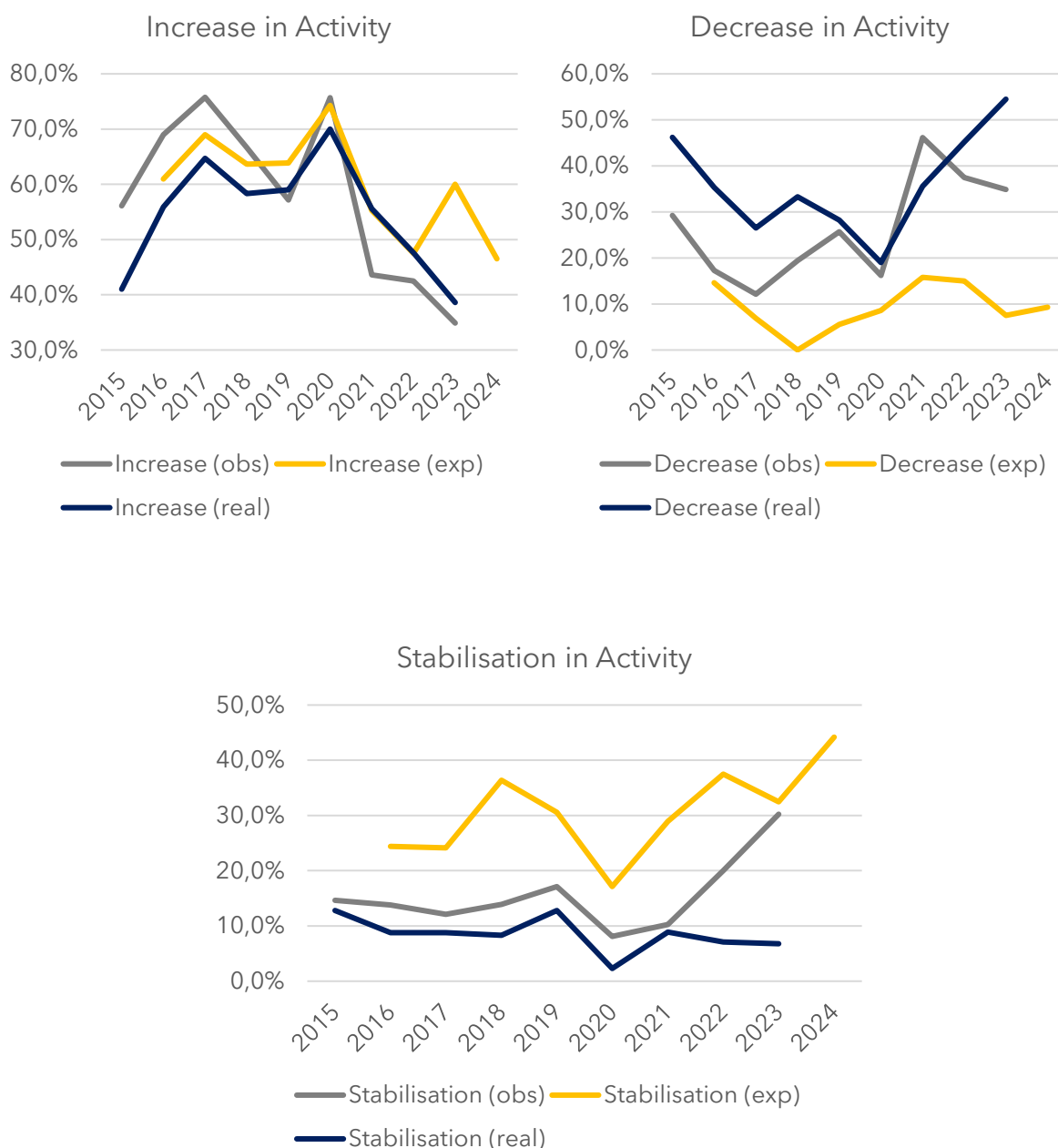
Please see the detailed results below.

Graphs 4.1: Observed (top) and expected (middle) guarantee activity as well as the comparison (bottom) of expectation with the respective effective observation



Graph 4.2 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 usually higher than the observations and the expectations. For stabilisations, the real outcomes were always close to the observations but far below expectations.

Graphs 4.2: Comparison of expected and observed developments in the guarantee activity with the effectively measured development



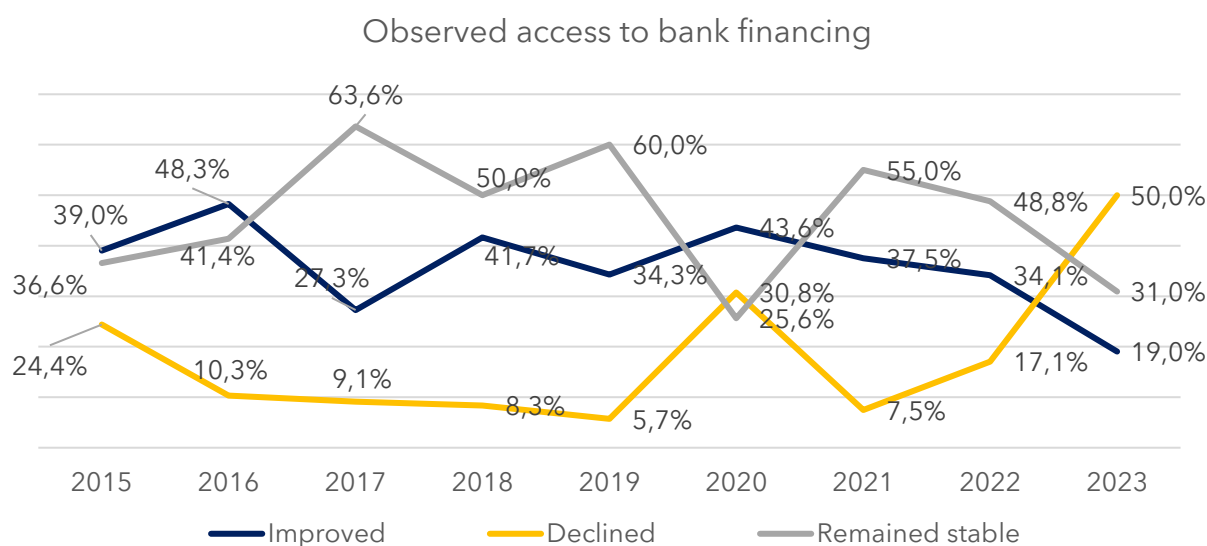
2. Bank Financing for SMEs

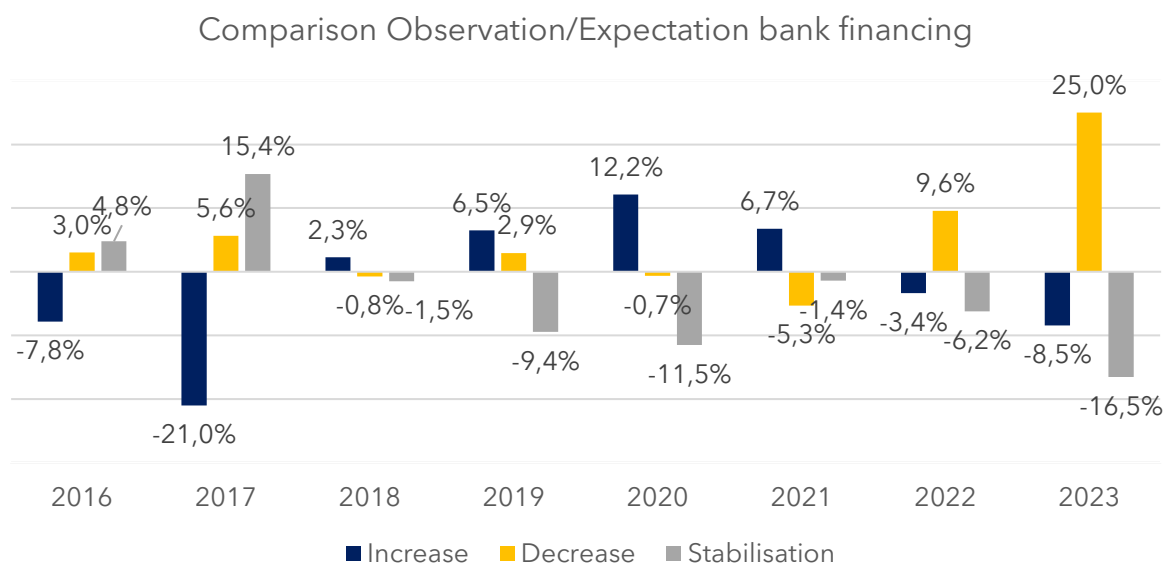
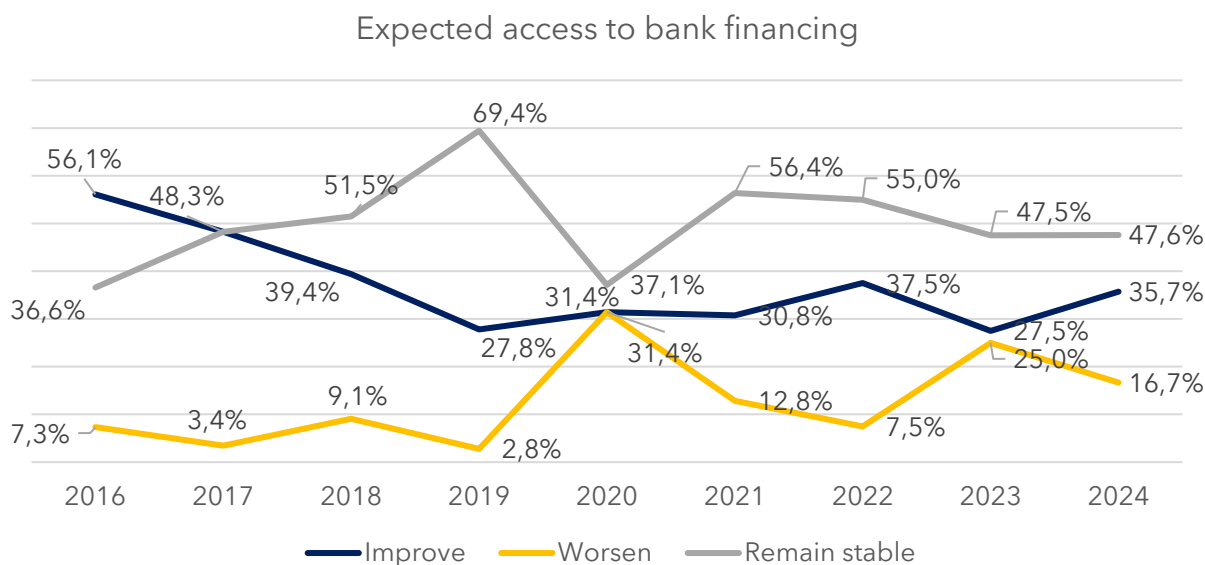
Half of participating guarantee institutions observed a decline in bank financing for SMEs in 2023. Around one third of respondents saw that SMEs' access to bank financing remaining stable in the same year and only 19% observed an improvement of access to finance. This decline in access to finance for SMEs is likely due to increasing interest rates and subsequent changes in bank lending policies from AECM's financial partners.

Compared to the expectation for 2023 in 2022, the deterioration of access to bank financing was observed to be 25 % higher.

For 2024, 47,6% of AECM members expect SMEs' access to bank financing to remain stable. In that sense, AECM members are somewhat more optimistic for 2024 than what they observed in 2023. **The share of members that expect access to bank financing to worsen decreased with regards to last year. The reason for this relatively optimistic view might be linked to an expected, yet slow, decrease in interest rates.** Credit conditions are still tight, but markets now expect the loosening cycle to start earlier. Have a look at the detailed results in graph 4.3 below.

Graphs 4.3: Observed (top) and expected (middle) access to bank financing for SMES as well as the comparison (bottom) of the expectation with the respective effective observation





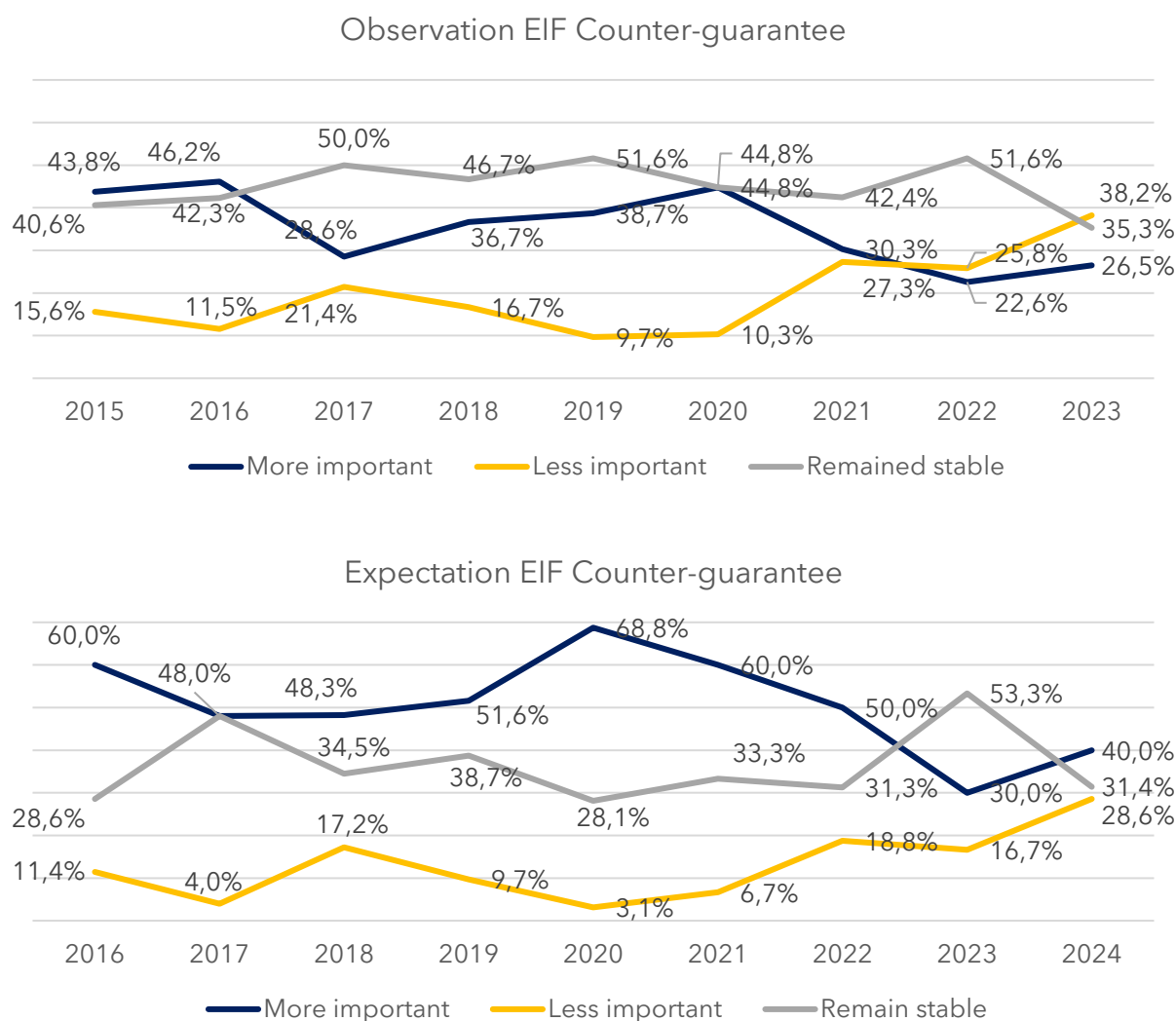
3. EIF Counter-Guarantees

Observations on the development of EIF counter-guarantees point to a further tightening of EIF counter-guarantee supply. The share of members that expect the utilisation of EIF counter-guarantees to decrease remains at its highest level of around 38%. The share of members that expect an increase remains relatively stable, with 26.5%. The reasons are that (1) the financing instruments under the previous Multi-annual Financial Framework (such as COSME, InnovFin, etc.) came to an end, (2) the difficulties that members encounter with the intermediation of the new InvestEU products as well as (3) the too low budgetary allocation of InvestEU.

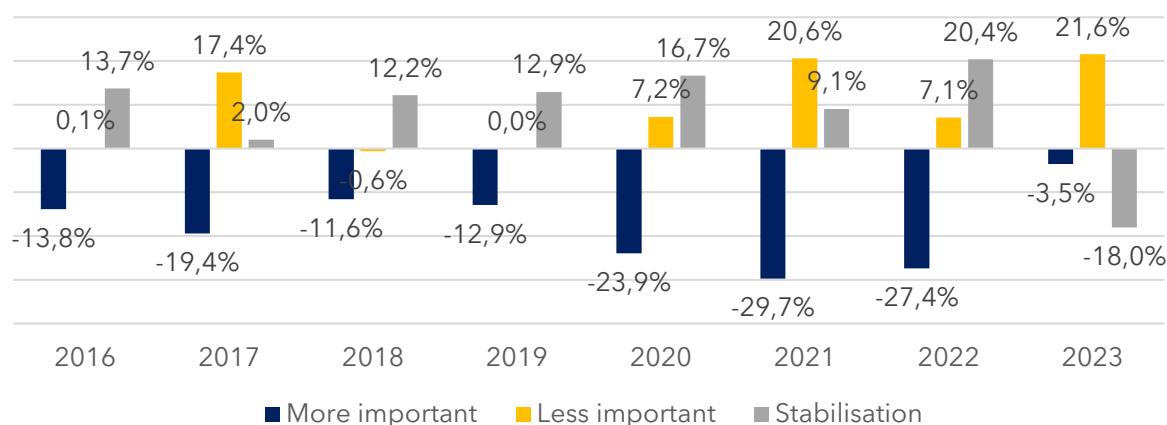
Expectations for the positive development of EIF counter-guarantees now seem to be relatively contained. For 2023, expectations for an increased importance of EIF counter-guarantees were only 3.5% lower than effectively observed.

While a majority of members observed that the utilisation of EIF counter-guarantees was less important in 2023, **40% of members are expecting the use of EIF counter-guarantees to increase in 2024**. This relative majority is probably due to the roll-out of the InvestEU programme, as **many members have signed new guarantee agreements with the EIF in 2023, which they will implement in 2024**. The remaining respondents are almost equally split between expecting the utilisation of the EIF counter-guarantee to become less important (28.6%) and remaining stable (31.4%).

Graph 4.4: Observed (top) and expected (middle) use of EIF counter-guarantees by the respective institutions as well as the comparison (bottom) of the expectation with the respective effective observation



Comparison Observation/Expectation EIF Counter-guarantee

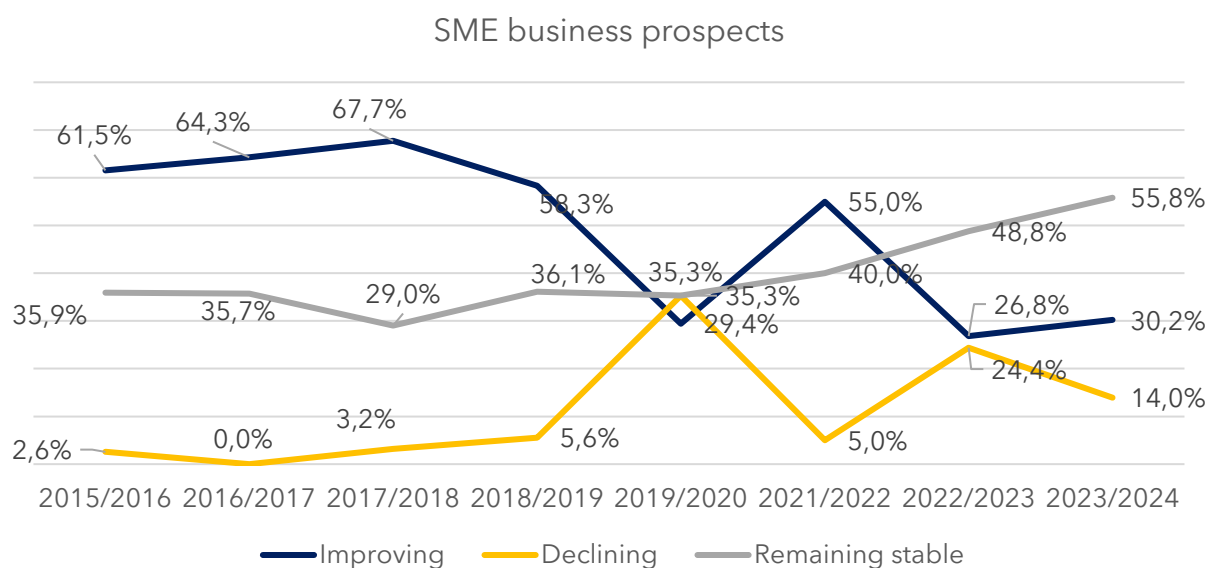


4. Business prospects

According to the respondents of our Guarantee Activity Survey, **more than half of AECM members see the business prospects for SMEs in their respective countries remaining stable (55.8%)**. One third sees an improvement (30.2%), while only 14% sees a decline.

This represents a relative amelioration with respect to the perception last year as the number of members expecting business prospects to improve increased, while fewer members expect the situation to worsen. Although SME business prospects are shaped by a complex interplay of factors, uncertainty associated with interest rates induce a certain hopeful caution amongst AECM members.

Graph 4.5: General business prospects for SMEs in the respective country



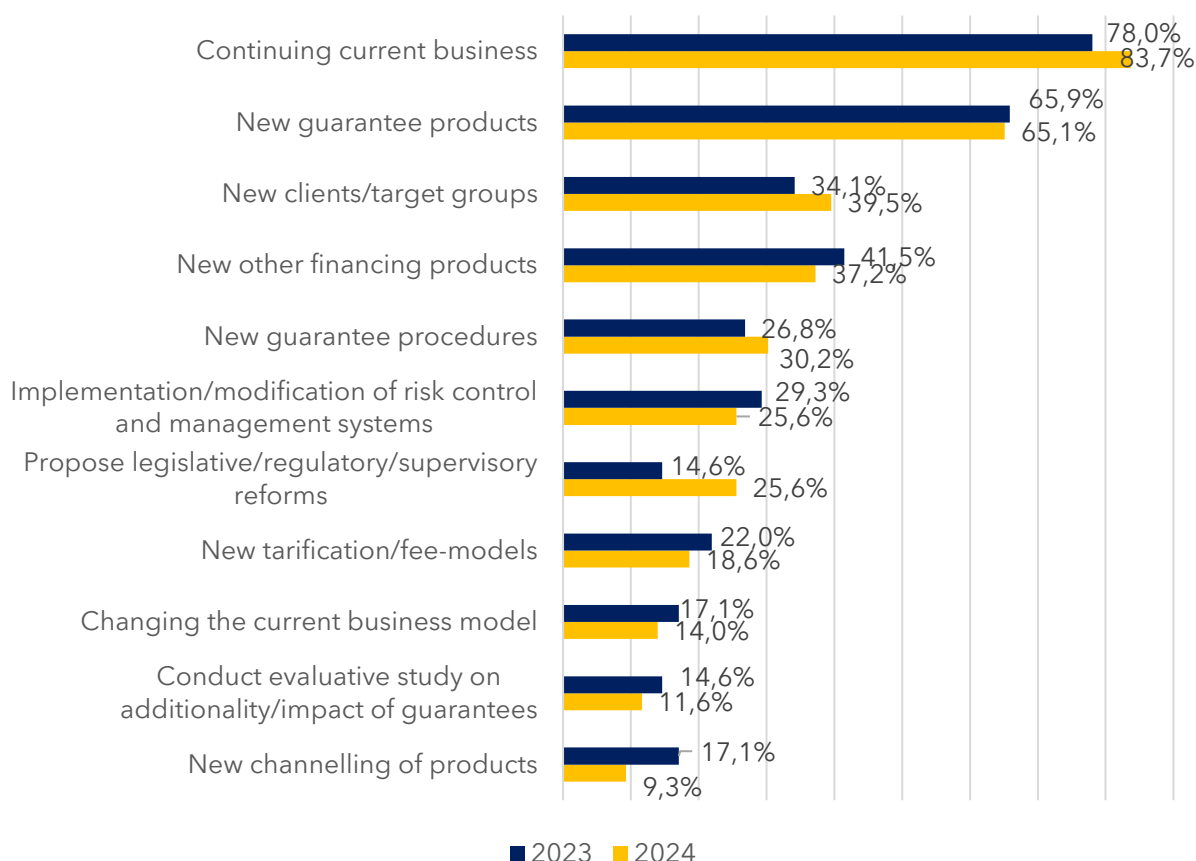
5. Focus in 2024

“Continuing current business” is again the most frequently mentioned focus of AECM members in 2024. The share of members mentioning this priority increased from 78% to 83.7%. Only during the pandemic year 2020, this priority was not the most frequently mentioned one. The second priority is “New guarantee products” mentioned by 65.1% of respondents.

The overall results are very consistent from last year. Only the priority “Propose legislative/regulatory/supervisory reforms” is gaining increasing traction, cited by one quarter of respondents (25.6%) compared to 14.6% in the previous survey.

A significant drop in importance could be observed for the priority “New channelling of products” (9.3%, down from 17.1%). Please have a look at the detailed results on the question about priorities below.

Graph 4.6: AECM members’ focus for the years 2023 and 2024



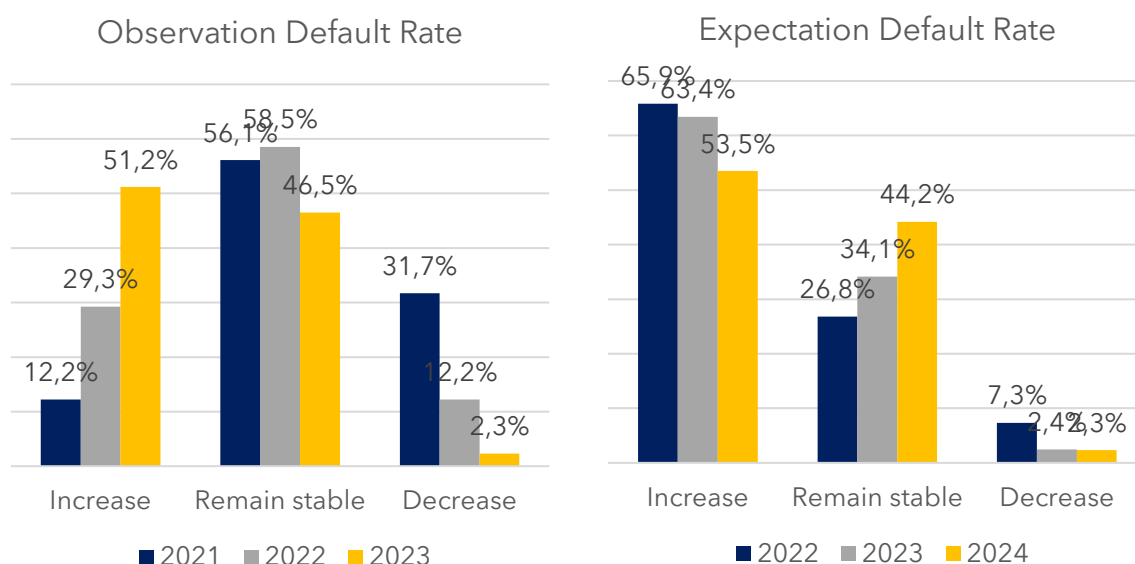
6. Default rates

In 2023, more than half AECM members observed an increase in default rates (51.2%), while nearly all other respondents did not observe significant changes in the default rate (46.5%). Only 2.3% of members noted a decrease in default rates.

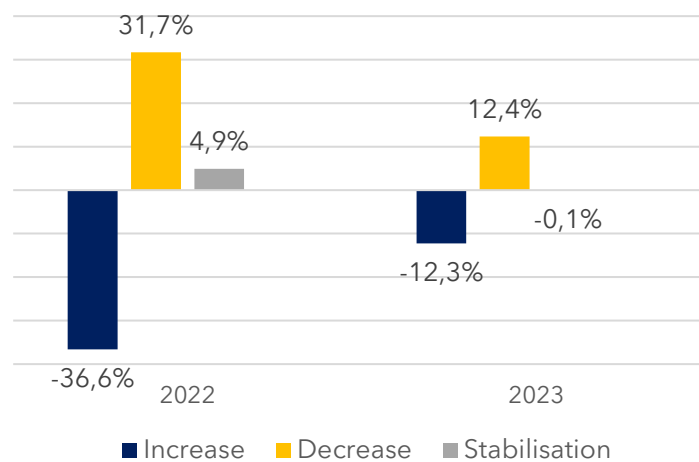
Inevitably, guarantee institutions are very pessimistic. Still half of respondents expect the default rates to increase (53.5%) and only 2.3% expect a decrease. This is in line with expectations for the previous years. As we are stumbling from one crisis to the next, the fear of an insolvency wave remains at a high level.

If we compare observations with the expectations that members expressed previously, we see that in 2023 worries about an increase did indeed materialise but still remained 12.3% below the expectation. This comes after the year 2022 when the increase in default rates remained even 36.6% below expectations. The feared increase sets in gradually, but as for now, still below the extent dreaded by AECM members.

Graph 4.7: Observed (left) and expected (right) development of default rates between 2021 and 2023 and the comparison of the expectation with the respective effective observation (below)



Comparison Observation/Expectation Default rates



V. Impact Studies and 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 summaries of a selection of recently published impact studies. This selection is followed by an overview table and a list of literature.

Outcomes of the de minimis guarantee after 10 years of the scheme operation - Report of 2023 Study

By Bank Gospodarstwa Krajowego (2023)

The 2023 report by Bank Gospodarstwa Krajowego (BGK) evaluates the impact and outcomes of the de minimis guarantee programme on Polish small and medium-sized enterprises (SMEs) over a decade, from mid-2013 to mid-2023. This government-backed programme aims to support SMEs by providing guarantees that facilitate access to financing, thereby addressing financial gaps exacerbated by economic uncertainties such as the COVID-19 pandemic and geopolitical events like Russia's war against Ukraine.

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Key Figures and Achievements

- Cumulative coverage and guarantees: Over the past ten years, BGK issued de minimis guarantees covering loans worth more than PLN 280 billion, with the value of guarantees exceeding PLN 184 billion.
- Impact on liquidity and employment: 52.7% of businesses with a BGK-guaranteed loan improved their liquidity in the year preceding the survey, and 87% attributed this improvement directly to the guarantee. Employment increased in 22.8% of recipient businesses compared to 3.4% in the SME sector as a whole.
- Financial gap bridging: 50% of businesses that received a loan in 2022 would not have secured financing without BGK's support, illustrating the narrow financial gap. The broader gap included 78% of recipients.

- Investment and innovation: 33% of recipients undertook investments in the last year, a 10-percentage-point increase from the previous year. Of these, 91.8% said the investments were made possible by the guarantees. Investment in innovative projects was also higher among guarantee recipients (28.2%) compared to the general SME sector (21.4%).

De Minimis Guarantees as a BGK Product

BGK's de minimis guarantees are part of a broader de minimis aid framework, which supports enterprises without requiring notification to the European Commission due to its relatively low value and minimal impact on competition. In 2021, BGK provided 22.3% of the total de minimis aid granted in Poland, reflecting its growing significance in supporting SMEs through loan guarantees and sureties.

Impact on SMEs and Economic Development

- Access to financing: The programme significantly improved access to financing for SMEs, especially during socio-economic turmoil. From 2019 to 2022, a higher percentage of de minimis guarantees were issued to businesses facing financial gaps.
- Employment and financial stability: The guarantees have helped create approximately 172,000 new jobs and retain 454,000 jobs over ten years. In 2022 alone, they contributed to 11,000 new jobs and 98,000 retained jobs.
- Export and investment: Although fewer guarantee recipients were exporters, they were more likely to invest in export activities compared to other SMEs. They also made more investments in tangible and intangible assets, including digitization and computerization, often using loans rather than own funds.

In conclusion, the de minimis guarantee programme has effectively supported the stability and growth of Polish SMEs over the past decade. By facilitating access to financing, improving liquidity, and encouraging investments, the programme has made recipients more competitive than their peers. The guarantees have not only bridged financial gaps but also contributed significantly to job creation and economic development, reinforcing the importance of continued support for SMEs through such initiatives.

10 Years of Impact: Bpifrance 2013-2023

By Bpifrance (2022)

The report *10 Years of Impact: Bpifrance 2013-2023* offers a comprehensive evaluation of Bpifrance's activities and achievements over its first decade. It underscores the bank's significant contributions to the French economy, backed by scientific studies and a set of newly developed indicators.

Evaluation Process

Bpifrance employs a systematic evaluation process rooted in scientific methodologies. This approach includes the organization and analysis of intervention data, encompassing 1.8 million interventions across more than 500 initiatives and over 800 investment funds. The evaluation relies on empirical methods to ensure transparency and objectivity in the results. Key aspects of the evaluation process include:

- Conducting 26 program evaluations over ten years.
- Tracking approximately 30 impact indicators annually.
- Using rigorous empirical methods to assess the bank's effectiveness.

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Support for Enterprises

Since its inception, Bpifrance has provided extensive support to French enterprises:

- Supported over 535,000 enterprises, with 70% being small businesses (TPEs).
- Provided €260 billion in financing and €190 billion in export insurance support.
- Achieved a 6% increase in revenue growth and a 5% increase in employment growth within three years of support.
- Realized a 12% increase in export revenue growth for companies receiving export support.

Strengthening SMEs and Mid-sized Companies

Bpifrance's interventions have significantly bolstered the strength and competitiveness of SMEs and mid-sized companies (ETIs):

- Facilitated the transition of around 1,700 companies from SMEs to ETIs by the end of 2019.

- Created 40 tech-focused ETIs and supported over 220 tech companies through capital innovation funds.

Diverse Support Mechanisms

Bpifrance has developed various instruments to address the diverse needs of French businesses:

- Quadrupled financing for intangible assets over the past decade.
- Increased funding for innovative startups sevenfold.
- Provided guarantees covering 25% of banked creations.
- Increased the cumulative stock of accelerated companies 25-fold between 2016 and 2022.
- Contributed to 54% of initial capital openings in family businesses through direct equity investments.
- Increased the average size of private funds invested by 50%.

Regional and Digital Expansion

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Bpifrance ensures its services reach businesses across all regions of France:

- Operates 49 local branches with 12 new locations established in the past decade.
- Ensures that over two-thirds of beneficiaries are outside metropolitan areas, with 38% located in industrial territories and 10% in priority urban policy areas.
- Expanded digital services, with nearly 30,000 users on its online banking platform and around 10,000 TPEs financed digitally.

Impact on Public Finances

Bpifrance's interventions have demonstrated a substantial leveraging effect on public finances:

- Stimulated investment, employment, and the survival of TPEs and SMEs throughout their life cycles.
- Reduced default rates by 40% and increased employment by 34% for companies benefiting from its guarantees.



In conclusion, over the past ten years, Bpifrance has played a crucial role in transforming and supporting the French economy. Through systematic evaluation, diverse support mechanisms, and a strong regional presence, the bank has significantly impacted the growth and development of SMEs and ETIs in France. Its contributions have fostered innovation, increased funding for startups, and supported the creation and growth of numerous enterprises across the country.

EIB Group Support for EU Businesses: Evidence of impact in addressing market failures

By European Investment Bank Group (2024)

This report examines the European Investment Bank (EIB) Group's support for businesses within the European Union, focusing on its impact in addressing market failures. The EIB Group, comprising the European Investment Bank (EIB) and the European Investment Fund (EIF), provides a variety of financial instruments designed to support small and medium-sized enterprises (SMEs) and mid-caps, which are vital to the EU economy due to their significant contributions to employment and value creation.

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Rationale Behind EIB Group Support

Market failures, particularly those affecting smaller businesses' access to finance, impose substantial economic costs. SMEs face numerous challenges in obtaining financing, often due to asymmetric information, high screening costs, and stringent collateral requirements. These obstacles hinder their ability to invest in growth, thereby slowing job creation, innovation, and productivity. EIB Group's business support instruments aim to address these issues by promoting investments that contribute to strategic objectives like sustainability, digitalization, and competitiveness.

EIB Group Financing in 2023

In 2023, the EIB Group provided €31.1 billion in support to SMEs and mid-caps within the EU. This included €14.9 billion from the EIF. Annually, around 400,000 SMEs and mid-caps benefit from EIB Group financing, with approximately 83% of EIB financing and over 85% of EIF financing directly aiding SMEs.

Instruments and their impact

1. Multi-Beneficiary Intermediated Loans (MBILs)

These loans support SMEs' access to finance through financial intermediaries. Impact studies comparing loan recipients to similar firms without EIB funding show significant positive effects. For example, EIB-supported loans to 96,830 firms between 2008 and 2017 resulted in:

- 5% higher employment and productivity.
- 15% higher investment levels.
- Larger impacts for smaller, younger firms, and those in less developed regions.

2. Credit Guarantee Schemes

These schemes reduce the risk for lenders, enabling financing for viable businesses facing capital constraints. Analysis of EIF-guaranteed loans from 2002 to 2016 shows:

- 7% to 35% increase in beneficiary firms' assets.
- 8% to 30% increase in employment.
- A significant reduction in bankruptcy rates.

3. Venture Capital Funds:

EIF's investments into venture capital (VC) and private equity (PE) funds address the financing gaps for high-growth enterprises. Studies indicate that firms backed by EIF-supported VC funds achieve higher capitalization, revenue, and job creation levels compared to peers. Additionally, these firms have a higher likelihood of being acquired or going public.

4. Venture Debt:

EIB venture debt targets the scale-up financing needs of high-growth, innovation-focused companies. Evidence shows that recipients of EIB venture debt experience significant growth in total assets and attract additional debt funding under favourable conditions.

In conclusion, the EIB Group's financial instruments play a crucial role in mitigating market failures and enhancing the growth and transformation of SMEs and mid-caps



in the EU. By addressing financing gaps and promoting investments aligned with strategic public policy goals, the EIB Group supports economic resilience and competitiveness across the European Union.

Banks vs. Firms: Who Benefits from Credit Guarantees?

By Alberto Martin, Sergio Mayordomo and Victoria Vanasco (2024)

The COVID-19 pandemic prompted significant economic disruptions, leading many countries to implement large-scale credit guarantee programmes to support private credit. This paper examines the role of banks in allocating these guarantees and their effects on the economy. The study focuses on an economy where entrepreneurial effort is crucial for efficiency but is not contractible, resulting in a debt overhang problem. The paper argues that credit guarantees can increase efficiency by reducing firms' repayment obligations and examines how banks prioritize riskier, highly indebted firms in allocating guarantees. The model's predictions are tested using data on credit guarantees granted in Spain following the COVID-19 outbreak.

Theoretical Framework

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The authors develop a model featuring entrepreneurs and banks. Entrepreneurs operate projects with varying productivity levels and require investment to avoid liquidation. They also have pre-existing debts with banks. A key friction is that entrepreneurial effort, which enhances project success, is not contractible, leading to a debt overhang problem that reduces economic efficiency. The COVID-19 pandemic is modelled as a "cash-flow shock" that exacerbates these issues by increasing the need for credit among entrepreneurs. In equilibrium, entrepreneurs fall into three categories based on their productivity and debt levels: solvent, captive, or insolvent. The model shows that credit guarantees can alleviate the debt overhang problem by reducing repayment obligations, thus improving efficiency and output.

Allocation of Credit Guarantees

The model predicts that banks follow a pecking order in allocating credit guarantees, prioritizing riskier firms from whom they can extract more surplus. Guarantees are first allocated to captive entrepreneurs—those needing to renegotiate their debt to obtain new credit—because banks can capture more surplus from them. Solvent entrepreneurs, in contrast, are better positioned to benefit from guarantees due to their ability to choose among banks. The competitive equilibrium is constrained

inefficient, as a social planner would allocate guarantees to more productive, safer firms and fully pass the benefits to firms through lower repayments.

Empirical Analysis

The empirical analysis focuses on Spain's credit guarantee programme (ICO programme) implemented in 2020, which provided €140 billion in funds. The programme had a significant impact on the Spanish credit market, with €107 billion of guarantees issued by mid-2022, primarily in 2020. The study uses data from the Banco de España Central Credit Registry (CCR) and firm balance-sheet information from the Central Balance Sheet Data Office Survey (CBSDO).

Three key predictions of the model are tested:

1. Riskier Borrowers: The share of ICO-guaranteed loans is higher for firms with a higher probability of default, operating in COVID-affected sectors, or with higher liquidity needs. This aligns with the model's prediction that banks maximize expected guarantee payments from the government.
2. Captive Borrowers: Captive firms—those considered risky and with a pre-existing credit relationship with a bank—receive a higher share of ICO loans. This is stronger for firms in COVID-affected sectors and is robust to different risk and captivity measures.
3. Interest Rate Pass-Through: ICO loans provided an interest rate discount for non-captive borrowers (around 36 basis points) but no significant discount for captive borrowers, indicating weaker pass-through for captive firms.

Related Literature and Policy Implications

The paper contributes to the literature on loan guarantees, credit frictions, and post-COVID economic policies. It aligns with studies showing that loan guarantees improve credit allocation and can increase output if benefits are not fully absorbed by banks. The findings suggest that policymakers should consider banks' incentives in guarantee allocation to enhance the effectiveness of such programmes.

In conclusion, the study highlights the importance of understanding banks' role in the allocation of credit guarantees and their impact on economic efficiency. The findings underscore the need for policy designs that ensure the benefits of guarantees reach the intended firms, particularly those that are more productive and safer, to maximize the positive effects on the economy.

Loan Guarantees, Bank Lending and Credit Risk Reallocation

By Carlo Altavilla, Andrew Ellul, Marco Pagano, Andrea Polo and Thomas Vlassopoulos (2023)

This paper investigates the impact of government-guaranteed loans on banks' lending behaviour, focusing on how these loans influence banks' credit risk management and the reallocation of credit. Using unique euro-area credit register data, the study analyses the COVID-19 guarantee programmes to understand the effects of loan guarantees on banks' lending practices, especially the substitution of non-guaranteed credit with guaranteed loans.

Objectives and Methodology

The primary objectives of this study are to analyse how government-guaranteed loans affect banks' non-guaranteed credit exposure, evaluate the terms offered on guaranteed loans compared to non-guaranteed loans, and understand the broader implications of these guarantees on credit risk reallocation. The methodology involves a detailed examination of bank-firm level data from the euro-area credit register, focusing on the period during and after the implementation of COVID-19 guarantee programmes. This approach allows the researchers to isolate the effects of guaranteed loans on non-guaranteed credit and control for potential confounding factors.

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Credit Substitution

The study found that banks issuing government-guaranteed loans significantly reduced their non-guaranteed credit exposure by over 30% compared to other banks' lending to the same firms. This credit substitution was more pronounced for riskier and smaller firms, particularly those in sectors heavily affected by the pandemic. Banks with stronger financial positions also engaged more in credit substitution. This behaviour indicates that banks shifted their credit risk by substituting non-guaranteed loans with guaranteed ones to manage their risk exposure better.

Lending Terms and Risk Profiles

Despite the reduction in non-guaranteed lending, banks offered more favourable terms to recipients of guaranteed loans, including lower interest rates and longer



maturities. These improvements were more significant for more fragile firms, suggesting that the availability of guarantees allowed banks to offer better credit terms due to the partial transfer of default risk to the government. The study found that small firms and those in severely affected sectors or countries received deeper interest rate cuts, albeit at the cost of greater credit substitution.

Theoretical Framework

The paper employs a theoretical model to predict and explain the observed behaviours. The model suggests that public guarantees shift banks' credit supply curves outward, enabling them to offer better credit terms due to reduced default risk. Banks with lower risk absorption capacity, often those with weaker balance sheets, found the guarantees more valuable, leading to a more substantial outward shift in their credit supply curves. Consequently, these banks engaged less in credit substitution compared to their stronger counterparts.

Empirical Analysis

The empirical analysis supports the model's predictions, demonstrating that banks' decisions on credit substitution were closely related to the risk profile of the borrowers and the overall economic conditions. The analysis uses granular bank-firm level data, allowing for a detailed examination of lending flows and relationships. By comparing changes in pre-existing exposures, the researchers could isolate the effects of guaranteed loans on non-guaranteed credit, addressing potential confounding factors.

Related Literature and Policy Implications

This study contributes to the literature on loan guarantees, credit frictions, and post-COVID economic policies. It aligns with previous research showing that loan guarantees can improve credit allocation and increase output if the benefits are not fully absorbed by banks. The findings suggest that policymakers should consider banks' incentives in guarantee allocation to enhance the effectiveness of such programmes. The research highlights the trade-off between improving credit terms for firms and the necessity of credit risk reallocation, with important implications for financial stability and policy design during economic crises.

In conclusion, the study underscores the complex dynamics of credit risk reallocation in the presence of public loan guarantees. While such guarantees can enhance



credit terms for firms, they also lead to significant shifts in banks' credit portfolios, which has critical implications for financial stability and policy effectiveness. The findings emphasize the need for careful policy design to balance the benefits of improved credit terms against the risks of credit substitution and reallocation. This comprehensive evaluation provides valuable insights for policymakers, financial institutions, and researchers on the effects of credit guarantees on bank lending behaviour and credit risk management.

Public Guarantees and Private Banks' Incentives: Evidence from the COVID-19 Crisis

By Gabriel Jiménez, Luc Laeven, David Martinez-Miera and José-Luis Peydró (2023)

The COVID-19 pandemic induced severe economic disruptions, leading to liquidity crises for many firms due to lockdowns and reduced economic activity. To counter these effects, governments worldwide implemented various support measures, including paycheck protection programmes and loan guarantee schemes. This paper examines the impact of public credit guarantee schemes (PGL) on the credit allocation decisions of private banks during the COVID-19 crisis. The core focus is to understand how private banks' incentives affect the distribution and effectiveness of these public guarantees.

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Research Objectives and Methodology

The study aims to uncover the implications of delegating lending decisions to private banks within the framework of public guarantee schemes. Using data from Banco de España's Central Credit Register, the research analyses the lending behaviour of banks during the COVID-19 pandemic. The methodology includes a detailed examination of firm and bank-level data, employing fixed effects models to control for unobservable characteristics, and analysing variations in loan volumes and pricing to identify the driving factors behind lending decisions.

Findings on Bank Behaviour and Risk Shifting

The study reveals that weaker banks are more likely to use public guarantee schemes to transfer riskier corporate loans to taxpayers. Banks with higher pre-crisis credit exposures to riskier and more COVID-affected firms were more inclined to provide PGL. This trend was significantly more pronounced among weaker banks. The research indicates that these banks leveraged public guarantees to mitigate

their own risk exposure by increasing their lending to firms that were more likely to default, thereby shifting potential losses to the public sector.

Credit Supply-Driven Mechanism

The results suggest a credit supply-driven mechanism underlying the observed behaviour. Weaker banks, facing potential losses from their pre-existing loan portfolios, used PGL as a means to support their at-risk clients while transferring the associated credit risk to the government. This mechanism was validated through detailed analysis of loan volumes and pricing, showing that banks with substantial pre-crisis exposures increased their lending more under PGL than banks with less exposure.

Increased Lending to Riskier Firms

Further analysis exploiting exogenous variations across firms' access to PGL shows that public guarantees led to an overall increase in lending to riskier firms. This effect was particularly strong among weaker banks, which saw a substantial rise in their credit exposure to these high-risk firms. The study highlights that while PGL can support credit flow during crises, they also introduce significant moral hazard, particularly for banks with weaker financial positions.

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Theoretical Model and Empirical Validation

The paper presents a stylized theoretical model to explain the empirical findings. The model posits that an exogenous negative shock, such as the COVID-19 pandemic, diminishes firms' creditworthiness, thus reducing banks' incentives to lend. However, when public guarantees subsidize loans, banks' incentives to lend are restored, particularly for those with significant pre-existing exposures to affected firms. This theoretical framework is supported by empirical evidence showing that PGL enhanced banks' lending incentives, particularly for riskier loans.

Policy Implications

The findings of the study have significant policy implications. They suggest that while public guarantee schemes are effective in maintaining credit flow during economic downturns, they also pose risks related to moral hazard and adverse selection. Weaker banks are more likely to use these schemes to offload risky loans, potentially leading to increased fiscal costs for the government. Policymakers need to carefully design and monitor these schemes to balance the benefits of enhanced credit support with the risks of incentivizing risky lending behaviour.



In conclusion, this study provides crucial insights into the interplay between public guarantees and private banks' incentives, particularly in the context of a major economic crisis. It highlights the need for a nuanced approach in designing public guarantee schemes to ensure they effectively support credit markets without exacerbating moral hazard. The evidence underscores the importance of targeted policy measures to mitigate the risk-shifting behaviour of weaker banks, ensuring that public guarantees fulfil their intended purpose of stabilizing the economy during crises.

The impact of credit guarantee schemes in the financial performance of SMEs in Albania

By Besiana Lika, Suela Agaj and Llesh Lleshaj (2024)

This report examines the impact of the Credit Guarantee Scheme (CGS) on the financial performance of Small and Medium Enterprises (SMEs) in Albania. The study focuses on the Albanian Development Guarantee Foundation (ADGF) and evaluates data from SMEs that received guaranteed loans from 2019 to 2021. The analysis aims to determine the effect of the CGS on various financial performance indicators, including employment growth, turnover growth, and key financial metrics.

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Objectives and Methodology

The objectives of this report are to assess the impact of CGS on employment and turnover growth of SMEs, analyse the financial performance of SMEs using multiple regression analysis, compare financial indicators before and after receiving guaranteed loans, and provide policy recommendations based on the findings.

The study uses secondary data from the financial statements of SMEs published on the National Business Centre's official website. The analysis employs multiple regression models with net income as the dependent variable and total assets, total accounts receivable, working capital, and interest expenses as independent variables. Key econometric tests, including the Variance Inflation Factor (VIF) test, Breusch-Pagan Godfrey statistic, and Jarque-Bera test, are conducted to ensure the reliability and validity of the models.

Key Findings

SMEs that received credit guarantees showed significant growth in employment. Specifically, employment increased from an average of 14% before receiving the guarantee to 18% after receiving the guarantee. This 4% increase demonstrates the positive impact of CGSs on job creation within SMEs.

Turnover also increased, though less significantly. SMEs experienced an increase in turnover of up to 19% within five years of signing the loan contract. This indicates that while employment growth was more pronounced, turnover also benefited from the financial support provided by the CGS.

The multiple regression analysis revealed the following impacts on net income, with key figures highlighted:

- Total assets had a positive impact on net income, increasing from -0.03 to 0.15 after the guarantee.
- Total accounts receivable had a negative impact on net income, decreasing from 0.13 to -0.08 after the guarantee.
- Working capital had a positive impact on net income, though reduced from 0.29 to 0.09.
- Interest expenses had a significant negative impact on net income, worsening from -2.20 before the guarantee to -4.04 after the guarantee.

This indicates that while interest expenses increased, possibly due to higher loan amounts, the overall financial performance improved, absorbing these costs.

The model passed several key econometric tests, which confirmed its statistical reliability and validity:

- VIF test showed no significant multicollinearity among the independent variables.
- Breusch-Pagan Godfrey statistic indicated no heteroskedasticity, ensuring that the variance of the errors is consistent across observations.
- Jarque-Bera test confirmed the normality of residuals, validating the model's assumptions and results.

Before and after receiving the guaranteed loan, the financial indicators showed notable differences. Total assets and working capital had a more positive impact on

net income post-guarantee, while accounts receivable and interest expenses had a more negative impact on net income post-guarantee.

Policy Recommendations and Limitations

Based on the findings, the following recommendations are proposed: Ensure careful planning and accurate implementation of CGSs to maximize their effectiveness. This includes proper targeting of SMEs that can benefit the most from the scheme. Regular evaluation and adaptation of CGS policies are necessary to maintain their relevance and effectiveness in different economic contexts. Monitoring should include tracking key performance indicators and financial health metrics of beneficiary SMEs. Increase support for SMEs to improve their financial stability and growth potential through continued access to guaranteed loans. This support can include financial literacy programmes, business development services, and easier access to credit.

The study acknowledges several limitations. The analysis covers a limited period (2019-2021), which may not capture long-term impacts. Additionally, the availability of comprehensive financial data for all SMEs was limited to publicly accessible financial statements, potentially excluding some relevant financial information.

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In conclusion, Credit Guarantee Schemes, such as the ADGF, significantly enhance the financial performance of SMEs in Albania. These schemes mitigate risks for lenders, thereby improving access to finance for SMEs and contributing to their growth and economic stability. The positive impact on employment, with a 4% increase, and turnover, with up to 19% growth, underscores the potential of CGSs to support economic development. However, careful implementation and continuous monitoring are essential to maximize their benefits. This report provides a comprehensive evaluation of the impact of credit guarantee schemes on SMEs in Albania, offering valuable insights for policymakers, financial institutions, and researchers.

The long-term effects of loan guarantees on SME performance

By Fabio Bertoni, Massimo G. Colombo and Anita Quas (2023)

The article investigates the long-term effects of loan guarantees on the performance of small and medium-sized enterprises (SMEs). The focus is on loans guaranteed by the European Union (EU) through the European Investment Fund (EIF), particularly

under the “Multiannual Programme for Enterprise and Entrepreneurship” (MAP) and the “Competitiveness and Innovation Framework Programme” (CIP). The study aims to provide a comprehensive understanding of how these guarantees impact various performance metrics of SMEs over an extended period.

Data and Methodology

The study utilizes data from French SMEs that received EIF-guaranteed loans between 2002 and 2016. The accounting information was retrieved from the Orbis and Diane databases, covering 57,208 beneficiaries. The authors employ a robust econometric approach to estimate the average treatment effect on the treated (ATT) over a 10-year period post-loan receipt. They examine several performance indicators, including sales, employment, asset growth, productivity, and survival rates. The methodology involves matching techniques to create a control group of non-beneficiary firms that are similar to the beneficiaries in terms of observable characteristics prior to receiving the loan guarantees.

Loan Programmes Overview

The MAP and CIP programmes provided a substantial number of guaranteed loans. The MAP programme, active from 2002 to 2008, supported 65,042 loans, while the CIP programme, from 2007 to 2016, backed 105,783 loans. The average amount of these loans was approximately €31,914, with MAP loans being slightly larger on average than CIP loans. These programmes aimed to address the financing gap faced by SMEs, particularly those with limited access to credit due to higher perceived risks by lenders.

Impact on Firm Performance

The study finds significant positive effects of guaranteed loans on SME performance across several dimensions. Beneficiaries of the loan guarantees experienced an increase in sales, indicating enhanced market performance and growth. Employment within these firms also rose, suggesting that the loan guarantees facilitated job creation and expansion. Additionally, firms showed growth in assets, reflecting improved capital structure and increased capacity for investment. These findings underscore the effectiveness of loan guarantees in fostering business growth and development.

Timing and Sustainability of Effects

The effects of loan guarantees are not immediate but take years to manifest fully. The study confirms that the positive impacts are sustained over the long term, alleviating concerns about short-lived benefits. The research highlights that while the immediate aftermath of receiving a guaranteed loan may not show dramatic improvements, the benefits accrue and become more pronounced over time. This sustained impact is crucial for long-term planning and stability of SMEs.

Organic vs. External Growth

The research differentiates between organic growth and growth through acquisitions. It finds that the increase in performance metrics is primarily driven by organic growth, rather than through external acquisitions. This suggests that the loan guarantees help SMEs build their internal capabilities and resources, leading to genuine business expansion rather than growth through mergers and acquisitions. This distinction is important as it indicates that the benefits of loan guarantees are rooted in the core operations and competencies of the firms.

Productivity and Survival

Contrary to some expectations, the impact on productivity was mixed. While there was no significant detriment, the gains in productivity were modest. This indicates that while loan guarantees support business growth in terms of size and market presence, the efficiency gains in terms of output per unit of input are less pronounced. However, the survival rates of SMEs improved significantly. Firms that received guaranteed loans were more likely to survive over the long term compared to those that did not. This finding underscores the role of loan guarantees in enhancing business continuity and reducing the risk of failure.

Heterogeneity of Effects

The study highlights that the effects of loan guarantees vary depending on the initial financial constraints of the firms. SMEs with higher financial constraints benefit more from loan guarantees compared to those with easier access to credit. This suggests that loan guarantees are particularly effective in alleviating the challenges faced by financially constrained firms, enabling them to overcome barriers to growth and stability. The targeted support for these firms ensures that the benefits of loan guarantees are maximized where they are needed most.



In conclusion, loan guarantees play a crucial role in enhancing the long-term performance of SMEs. The positive effects on sales, employment, and asset growth, combined with improved survival rates, underline the importance of such financial instruments in supporting small businesses. The research provides robust evidence supporting the sustained benefits of loan guarantees, advocating for continued and possibly expanded use of these programmes. By addressing the financing needs of SMEs and enabling them to grow organically and sustainably, loan guarantees contribute significantly to economic development and resilience.

Overview table of impact studies' results

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/ Macroeco- nomic simula- tion model	60%/82% ^b /95% ^c credits+, 40% in- terest-, 43% infor- mation+	67% ^b /72% ^c /79% investments+, 22% ^b investment volume+, 60% jobs+, per guar- antee 7.5 jobs+, default rate-	Net benefit+, GDP multiplier 3.2, investment multiplier 2.1	
Kramer (2008)	DE	B, U/ Simula- tions	67% security+, 33% information+	Per mEUR 1 of counter-guaran- tee mEUR 64.1 in- vestments+ and 2,000 jobs+		
Neu- berger, Räthke (2008)	DE	U/ Descriptive	50% credits+, 23% credit vol- ume+, 9% inter- est-, 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-		
Carbonero et al. (2019)	ES	DID, Matching	20% credits+	Investment+, em- ployment+, 12% assets+, 12% turnover+		
Carbonero et al. (2021)	ES	DID, Matching	15.46% credits+	11% assets+, em- ployment+, 17% turnover+		
Columba et al. (2010)	IT	K, U/ OLS	Interest-, infor- mation+			
Crowling (2010)	UK	U/ Matching, re- gressions, cost- benefit-analysis	Credits+	Investments+, turnover+, em- ployment+, productivity+	GDP+, net bene- fit+, GDP multi- plier 1.05	
Federal ministry of economy and	DE	U/ Descriptive	90% credits+, in- terest-			

technol- ogy (2010)						
Garcia-Ta- buenca, Crespo-Es- pert (2010)	ES	A, B/ ANOVA, Kruskal-Wallis, factor and re- gression anal- yses	Credits+, interest 0	Productivity+		
Lelarge et al. (2010)	FR	A, B/ Matching model	Credit volume+, interest-	Turnover+, em- ployment+, de- fault rate+		
Schmidt, Elkan (2010)	DE	B, U/ Macroeco- nomic simula- tion model		71% ^b /60% ^c in- vestments+, 31% turnover+	Net benefit+	
Althammer et al. (2011)	DE	B, U/ Descrip- tive	67% credits+, in- terest-, infor- mation 0	100% ^c invest- ments+	GDP+, employ- ment+	
Mistrulli et al. (2011)	IT	A, U/ OLS, Pro- bit	Credit volume+, interest-	Default rate+		
Allinson et al. (2013)	UK	U/ Matching, OLS, cost-bene- fit-analysis	Credits+	Growth+, em- ployment+	Net benefit+, GDP multiplier 7.1	
Bartoli et al. (2013)	IT	C/ IV	Credits+, infor- mation+			
Valentin, Henschel (2013)	DE	U/ Descriptive	68% credits+, 68% regular infor- mation+, 49% in- formation+, 43% credit relation+			
Boschi et al. (2014)	IT	B, C/ DID	Credits+/-			
Breemersc h et al. (2014)	BE	A, B, C		Growth+, em- ployment+, value added+		
Asdrubali, Signore (2015)	CE- SEE	A, C/ PSM, CEM, DID		Turnover+, em- ployment+, short- term productivity-		
Holtemöl- ler et al. (2015)	DE	Macroeconomic simulation model			Net benefit+, GDP multiplier 1.3-1.5	
Briozzo, Cardone- Riportella (2016)	ES	A/ ATE		Assets+, turno- ver+, assets/turn- over+, employ- ment+, turno- ver/employ- ment+		

Gai et al. (2016)	IT	B, C/ Logit		Default rate+		
Muller et al. (2017)	UK	A / PSM, DID		Turnover+, employment+, default rate-	Net benefit+	
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+	
Barrot et al. (2019)	FR	A, B / OLS		Employment+	Net benefit+	
Bertoni et al. (2019)	BE, DK, FI, IT, LU, NL, NO, SE	A, C/ PSM, CEM, DID		Assets+, turnover+, employment+, immaterial assets+, default rate-		
Brault, Signore (2019)	EU	A, C/ PSM, CEM, DID		Assets+, turnover+, employment+, immaterial assets+, default rate-		

Carbonero Ruz et al. (2019)	ES	B / DID, ANOVA	Credits+	Assets+, employment+, growth+		
Martín-García, Santor (2019)	ES	A/ OLS, PSM	Credits+	Turnover+, investments+		
Amamou et al. (2020)	EU	PSM, DID		Employment+		
Bpifrance (2020)	FR	A, B / PSM, DID		Default rate-, growth+, employment+		
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+		
Akcigit et al. (2021)	TR	A, B/ CEM, DID		Employment+, sales+, 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.

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VI. Methodological and Editorial Notes

1. 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 (stock and flow). Furthermore, we collected data on agricultural guarantees, counter-guarantees, the use of EU programmes and coverage rates. One additional question was also included in the online questionnaire. The survey ran from 1st March to 22nd March 2023 and was extended several times. We collected 44 out of 45 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 2023 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 their respective governments.

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, $\frac{3}{4}$ 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 2020; that is why we use recurrent data since then¹⁰. 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 Türkiye and the United Kingdom, we used the most recent GDP data from statista.com.

AECM members are welcome to request the complete datasets.

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 29 November and 29 December 2023 and the deadline for submission was several times extended. 43 out of 45 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.

2. Editorial note

The AECM Statistical Yearbook 2023 publication was elaborated by Simon Thibaud, Policy Officer 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, Director at AECM. A big thank you also for her great support. Furthermore, we thank Luke Aylward, Chairman of the AECM Working Group Statistics and Impact, Katrin Sturm, Secretary General of AECM as well as Mihriban Tatli, intern at AECM, for their important support.

¹⁰ For the United Kingdom, SME data is only available until 2018. Since then, we use recurrent data.

Glossary

Abbreviations

AECM	European Association of Guarantee Institution (in French: Association Européenne du Cautionnement)
BBLS	Bounce Back Loan Scheme
BEIS	Department for Business, Energy and Industrial Strategy
CBILS	Coronavirus Business Interruption Loan Scheme
CCS	Cultural and Creative Sector
CEM	Coarsened exact matching
CGP	Credit Guarantee Programme
CLBILS	Coronavirus Large Business Interruption Loan Scheme
COSME LGF	Competitiveness of Enterprises and Small and Medium-sized Enterprises Loan Guarantee Facility
EAFRD	European Agricultural Fund for Regional Development
EaSI	EU Programme for Employment and Social Innovation
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
ECA	European Court of Auditors
ECB	European Central Bank
EFG	Enterprise Finance Guarantee
EFSI	European Fund for Strategic Investment
EGF	European Guarantee Fund
EIAH	European Investment Advisory Hub
EIB	European Investment Bank
EIF	European Investment Fund
EIPP	European Investment Project Portal
ERDF	European Rural Development Fund
ERP	Enterprise Resource Planning
ESG	Environmental, social, governance
EU	European Union
EUR	Euro
GDP	Gross domestic product
GHG	Greenhouse Gas
GVA	Gross Value Added
HMT	His Majesty's Treasury
IFRS	International Financial Reporting Standard

IIW	Infrastructure and Innovation Window
IPE	Investment Plan for Europe
IT	Information Technology
PGE	Prêt Garanti par l'État (in English: State guaranteed loan)
QW	Quality of Wage
R&D	Research and Development
RRF	Recovery and Resilience Facility
RWA	Risk weighted assets
SME	Small and medium-sized enterprises
SMEG	SME Guarantee Facility
TCF	Temporary Crisis Framework
TF	Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak
TMS	TMEDE Microfinance Solutions
US	United States of America
USD	United States Dollar

Member list

AT	Austria Wirtschaftsservice GmbH aws Niederösterreichische Bürgschaften und Beteiligungen GmbH (NÖBEG)
AZ	Azerbaijan Mortgage and Credit Guarantee Fund (MCGF)
BE	Fonds Bruxellois de Garantie-Brussels Waarborgfonds (BGF) Participatie Maatschappij Vlaanderen (PMV Standaardwaarborgen) Wallonie Entreprendre (WE)
BA	Guarantee Fund of the Republic of Srpska (GF Srpska)
BG	National Guarantee Fund (NGF)
HR	HAMAG-BICRO
CZ	Národní rozvojová banka (NRB)
EE	KredEx
FI	Finnvera
FR	Banque publique d'investissement (Bpifrance) Européenne de Cautionnement (EDC) Société de caution mutuelle pour les petites entreprises (SIAGI) Société de caution mutuelle artisanale (SOCAMA)
DE	Verband Deutscher Bürgschaftsbanken (VDB)
GR	Hellenic Development Bank (HDB) Greek Engineers and Public Works Contractors Fund (TMEDE)
HU	Rural Credit Guarantee Foundation (AVHGA) Garantiqa
IE	Strategic Banking Cooperation of Ireland (SBCI)
IT	Fedart Fidi Garanzia Etica Istituto di Servizi per il Mercato Agricolo Alimentare (ISMEA)
XK	Kosovo Credit Guarantee Fund (KCGF)
LV	ALTUM
LT	Investiciju ir verslo Garantijos (INVEGA)
LU	Mutualité de Cautionnement (MC) Mutualité des PME (MPME)
MT	Malta Development Bank (MDB)
MD	Organizația pentru Dezvoltarea Antreprenoriatului (ODA)
NL	Rijksdienst voor Ondernemend Nederland (RVO)
PL	Bank Gospodarstwa Krajowego (BGK)
PT	Banco Português de Fomento (BPF)
RO	Romanian Rural Credit Guarantee Fund (FGCR) National credit guarantee fund for SMEs (FNGCIMM)

	Fondul Roman de Contragarantare S.A. (FRC)
RS	Guarantee Fund of the Autonomous Province of Vojvodina (GF Vojvodina)
SI	Slovenian Enterprise Fund (SEF) Slovenian Regional Development Fund (SRDF)
ES	Confederation of Spanish Mutual Guarantee Societies (CESGAR)
CH	Network of Swiss Guarantee Institutions (NSGI)
TR	Kredi Garanti Fonu (KGF) Türkiye Esnaf ve Sanatkarlar Kredi ve Kefalet Kooperatifleri Birlikleri Merkez Birliği (TESKOMB)
UA	Partial Credit Guarantee Fund in Agriculture (PCGF)
UK	British Business Bank (BBB)

Country code

AT	Austria
AZ	Azerbaijan
BE	Belgium
BA	Bosnia and Her- zegovina
BG	Bulgaria
HR	Croatia
CZ	Czechia
EE	Estonia
FI	Finland
FR	France

DE	Germany
GR	Greece
HU	Hungary
IE	Ireland
IT	Italy
XK	Kosovo
LV	Latvia
LT	Lithuania
LU	Luxembourg
MT	Malta
MD	Moldova

NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
RS	Serbia
SI	Slovenia
ES	Spain
CH	Switzerland
TR	Turkey
UA	Ukraine
UK	United Kingdom

About us

The 47 members of the **European Association of Guarantee Institutions (AECM)** are operating in 32 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 failure¹¹. 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

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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 2023, AECM's members had about EUR 207 billion of guarantee volume in portfolio, thereby granting guarantees to around 4.7 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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EU Transparency Register: 67611102869-33



⁴ OECD (2006). The SME finance gap. Vol. 1. Theory and evidence.

For an overview of market failures in SME lending and mitigation techniques: OECD (2018). Financing SMEs and entrepreneurs 2018. An OECD Scoreboard, OECD Publishing, Paris.





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