



aecm

Meeting the needs for more risk-sharing arrangements

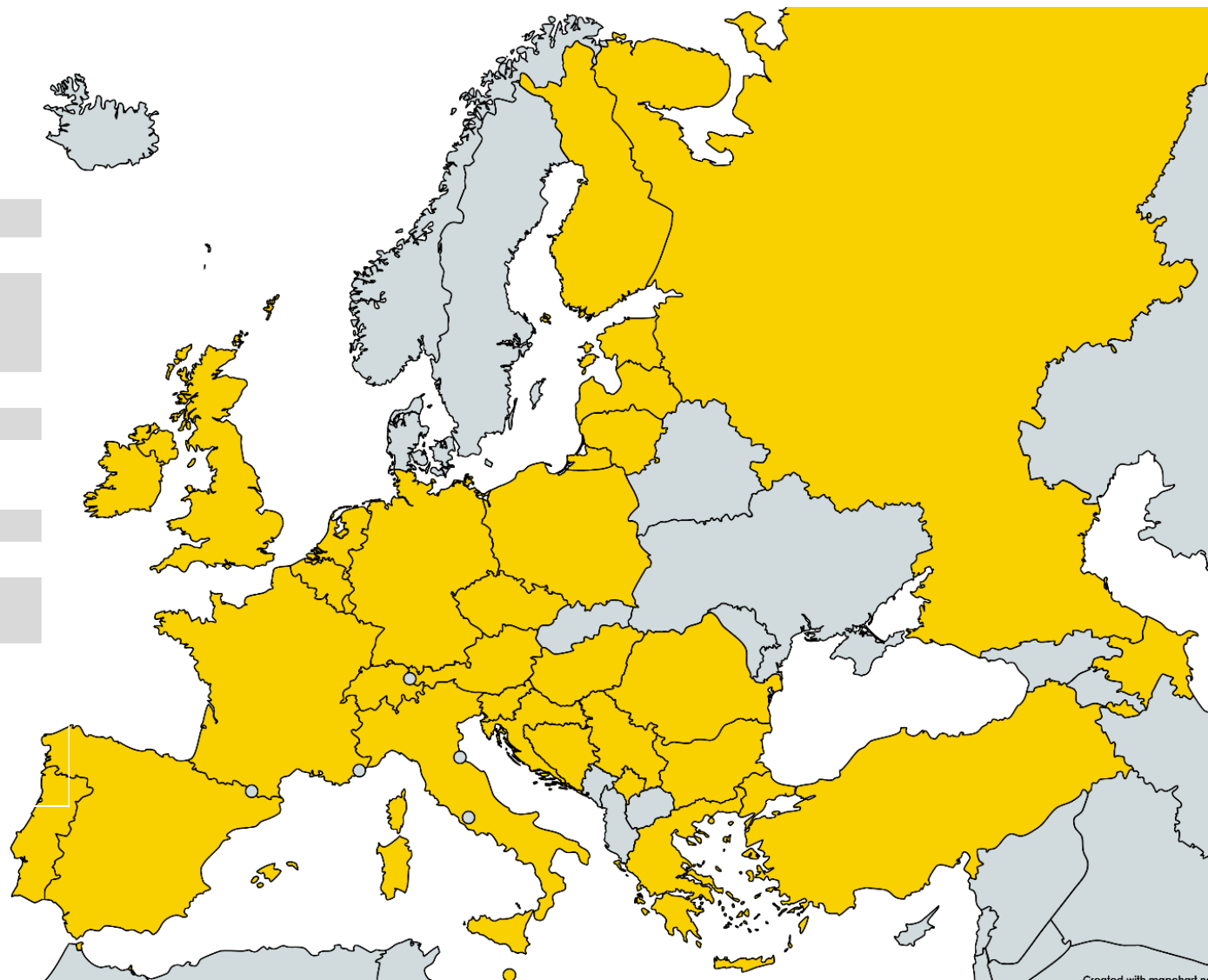
The European perspective

EMGN Annual Conference, AECM President Guy SELBHERR

AECM and its members

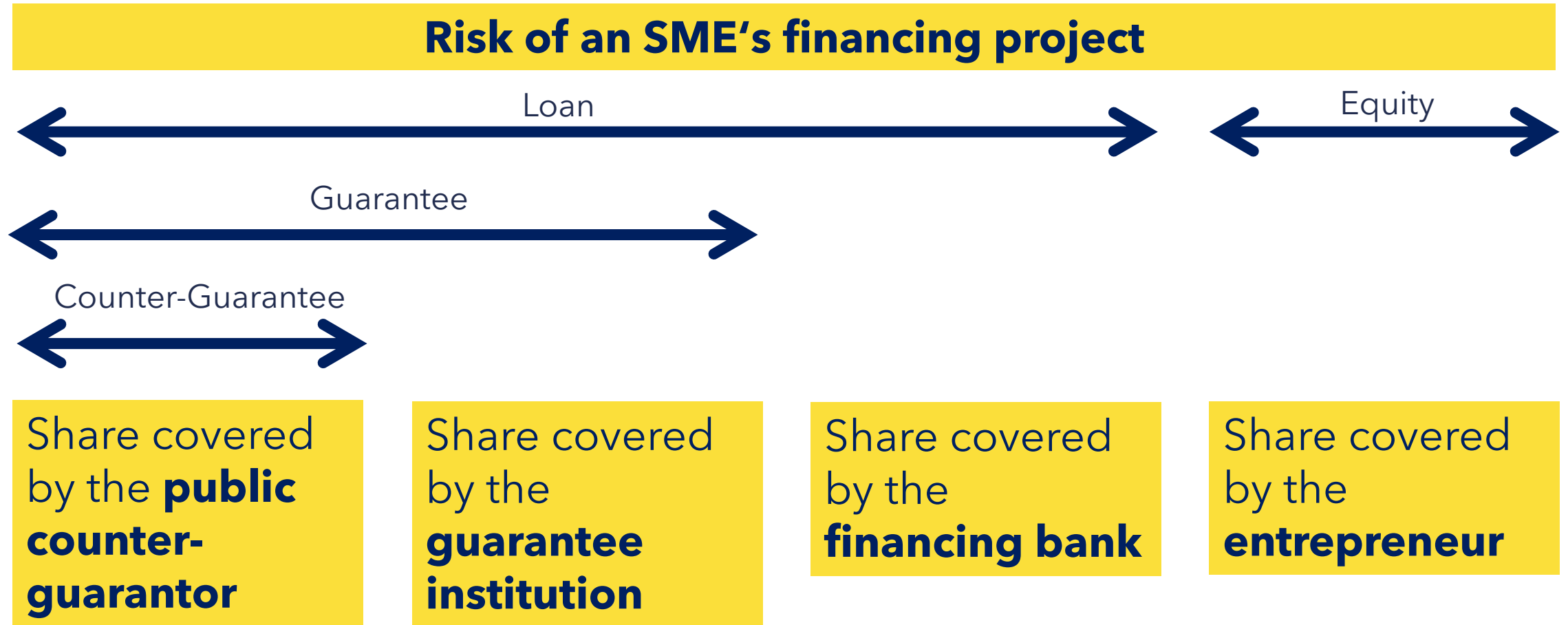


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BA	GF Srpska	IE	SBCI	RU	FSECA
BG	NGF MGFSME	IT	Assoconfidi ISMEA	RS	GF Vojvodina
HR	HAMAG BICRO	XK	KCGF	SI	SEF SRDF
CZ	NRB	LV	ALTUM	ES	CESGAR
EE	KredEx	LT	Garfondas INVEGA	CH	NSGI
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Partners: REGAR, SME Finance Forum, **EMGN**

Risk sharing in the guarantee system



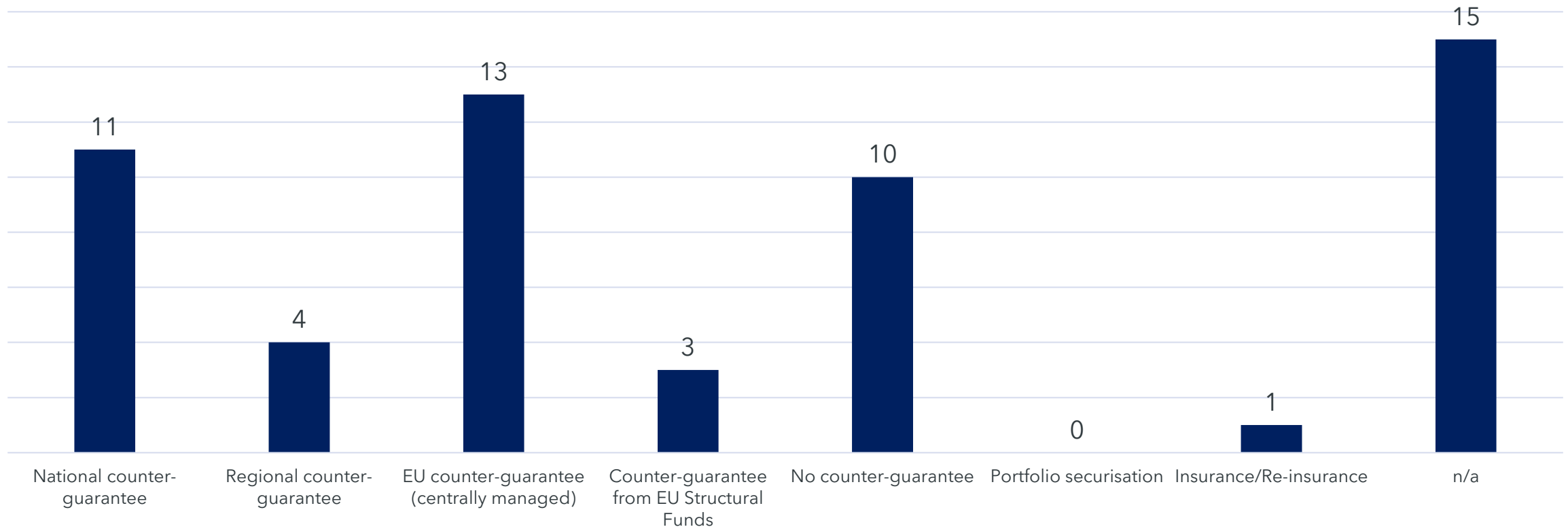
Risk sharing in the guarantee system

Share covered by the public counter-guarantor

- Capped or uncapped counter-guarantee
- Explicit or implicit „counter-guarantee“
- Fully provisioned or partly provisioned
- Price
- Different levels of coverage
- Setting of conditions: risk share to be borne by other partners, fees, etc.
- Granted by different government levels:
 - municipal (local)
 - Regional
 - National
 - supra-national : Pan-European Guarantee Fund (EGF)
 - EU : formerly COSME, InnovFin, etc.; now: InvestEU

Risk sharing in the guarantee system

Type of counter-guarantee used by AECM members



Risk sharing in the guarantee system

Share covered by the guarantee institution

- Guarantee institutions usually top up public coverage secured by their own funds
- Different kinds of guarantee institutions: public, mixed, private, mutual

AECM average as of end-2020:

Maximum coverage rate : 84.0% (up from 80.9% in 2019)

Average coverage rate : 69.2% (up from 66.0% in 2019)

Weighted average coverage rate : 78.2% (up from 73.8% in 2019)

Risk sharing in the guarantee system

Share covered by the financing bank

- Financing bank receives either individual or portfolio guarantee
- It is usually held to bear a certain part of the risk
- Receives capital relief for the share of the loan covered by the guarantee
- Loan conditions might be constrained by the guarantee: fee, requirement of a personal guarantee, duration, etc.

Risk sharing in the guarantee system

Share covered by the entrepreneur

- Entrepreneur remains liable for its business activity
- Is usually required to contribute own funds or collateral
- In case of a mutual guarantee scheme, he participates in the risk sharing via the fund
- Only viable firms can be supported, guarantee institution are very careful not to support zombie firms

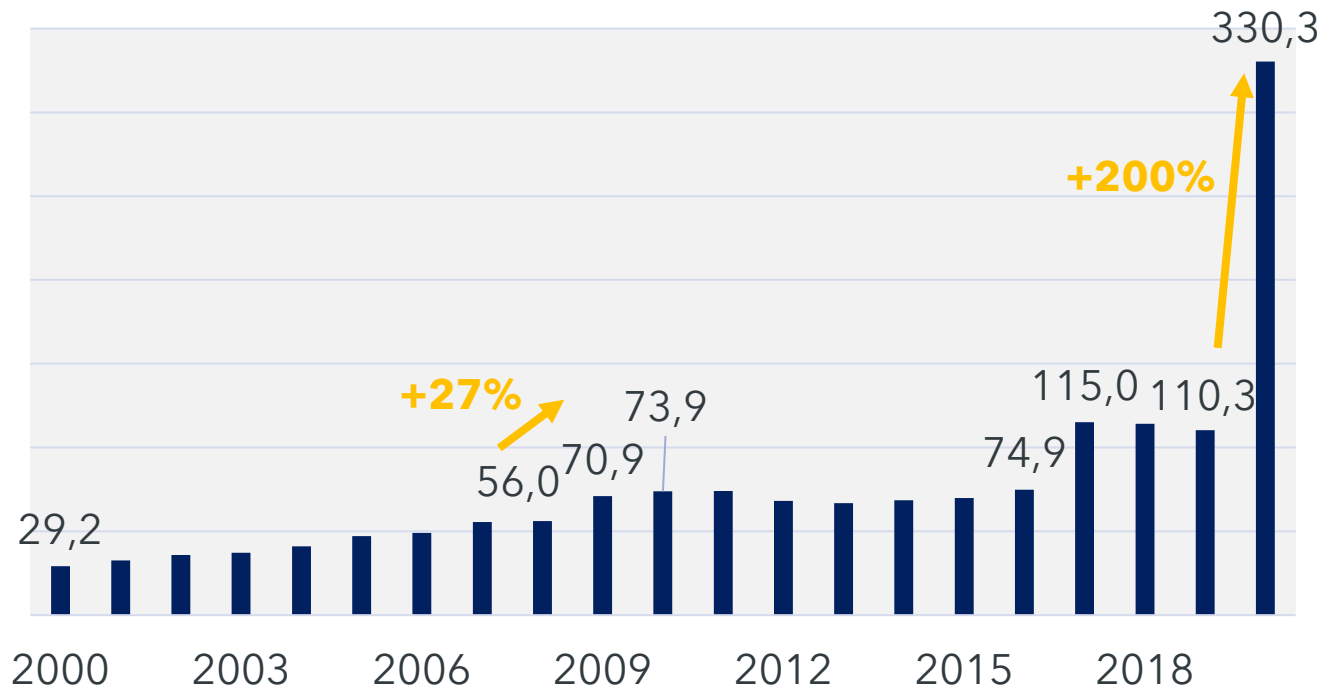
Covid measures

- Increase of the guarantee capacity
- Extension of the scope of the guarantees
- **Increase of the maximum and decrease of the minimum guarantee amounts**
- **Increase of the coverage rate**
- Reduction or waiver of premiums, fees and interest
- **Fast-track procedures** with reduced documentation requirements
- Relaxation of repayment schemes
- **Reduction of collateral requirements**
- **Equity and quasi-equity measures**
- Offering advisory services

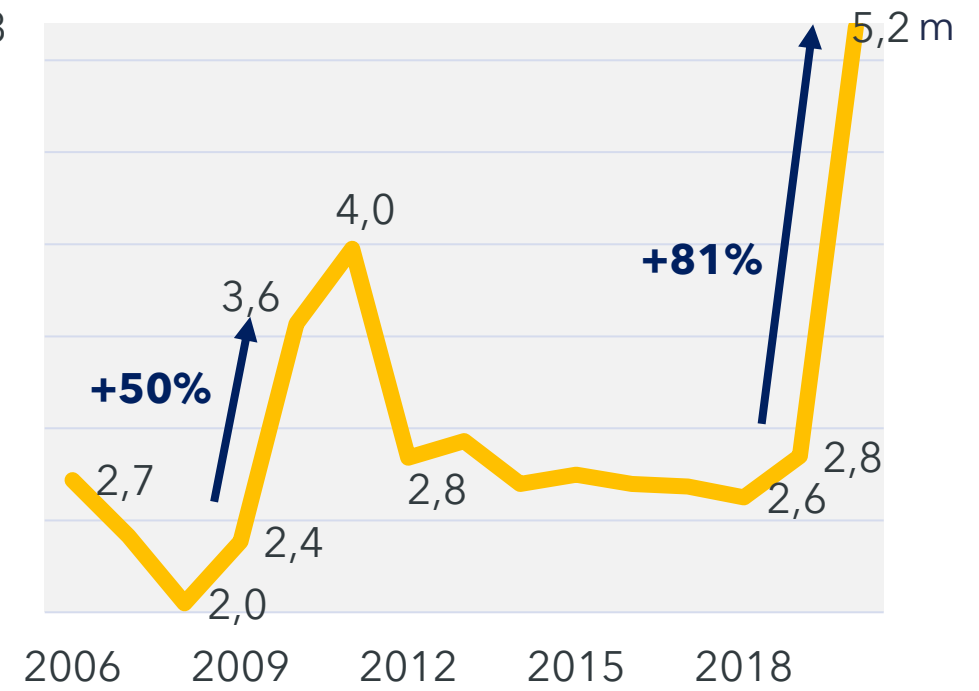
[AECM Publication: "SME support in the covid crisis – The role of guarantee institutions"](#)

Through the pandemic

Outstanding guarantee volume (in bEUR)



Number of supported SMEs



➤ [Statistical Yearbook 2020](#)

The impact of AECM members

- How to convince governments to participate in the risk sharing ?
- Need to prove the financial and economic additionality
- Counter-cyclical role in crisis times + policy instrument to overcome market failure
- Positive impact of guarantee institutions' activity proved by numerous impact studies
⇒ overview in impact sections of AECM Statistical Yearbooks [2019](#) + [2020](#)



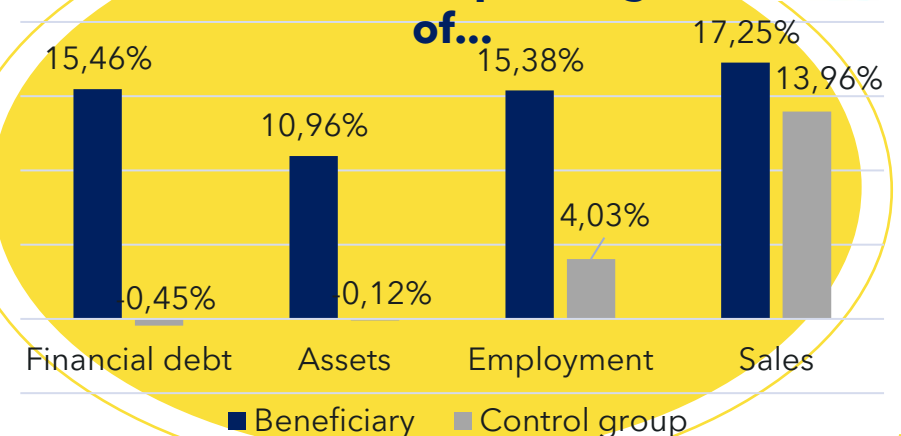
Cost-benefit relation of the guarantee system is **1:17**

bpifrance

Impact on start-ups
(after 3 years):
+5% survival rate
+19% employment



Beneficiaries surplus in growth





Choukrane for your attention !



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